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JAPAN'S FOREIGN TRADE IN 1950

A significant feature of Japanese foreign trade in 1950 was the sharp expansion of exports in the second half of the year in contrast to the contraction of imports, which had been comparatively active in the first four months of the year. This expansion of exports and contraction of imports in the second half of the year, coupled with the procurement in Japan of supplies and services by the United Nations since the outbreak of the Korean war, served to greatly increase the dollar reserves of Japan.

Expansion of Export Trade

Generally speaking, the world market in the first half of 1950 was a buyers' market, as was the case in the preceding year. In order for Japanese goods to find markets abroad under such a condition, it was absolutely necessary to lower the cost of production by the modernization of equipment. Since this could not be fully carried out owing to the shortage of capital for such purpose, Japanese exports failed to expand appreciably in the first three months of the year. This situation, coupled with the contraction of the domestic market under the disinflationary policy of the Dodge Plan, threw a dark shadow over the future of Japanese industries. However, along with the active purchase of strategic materials by the United States and the Soviet Union after April 1950, the conversion of the foreign market into a sellers' market in the case of certain commodities and the full-scale recovery of a boom in the United States, Japanese merchandise exports began to show some recovery. As a result, the average monthly exports for the first half of the year amounted to US$54 million, being US$10 million more than the monthly average for the preceding year.

By stimulating the rearmament programs of the United States and other powers, the outbreak of the Korean war in the latter part of June 1950 served to convert the world market from a buyers' market to a sellers' market, to dissolve the dollar shortage of the countries of the British Commonwealth and other countries and to make multilateral trade possible. Under such conditions, the world prices of commodities began to take a sharply rising trend. Though Japanese manufacturers were able to dispose of goods to some extent by the slight improvement in export trade after April 1950, they still carried a substantial volume of stockpile, so much so that the formerly higher domestic prices of some of the goods in stockpile became cheaper than their foreign prices, which had gone up in the meantime. As a result of this change in prices as well as increased domestic production of goods, Japanese exports sharply expanded after July 1950 to a monthly average of over US$70 million (see Table I). The total validated exports for the whole year amounted to US$780 million (see Table III), an increase of about 53% over the preceding year's export record of US$510 million.

TABLE I
VALUE OF JAPANESE IMPORTS AND EXPORTS, TOTAL 1949 AND BY MONTH JANUARY 1950-NOVEMBER 1950
(Amounts in US$1,000)

Period	Imports	(Including American aid imports)	Exports
1949 Total	906,531	535,691	509,700
1950 January	72,758	32,012	39,473
February ..	80,300	34,438	51,160
March	85,477	32,247	52,999
April	93,128	38,192	61,269
May	79,925	37,606	52,012
June	72,827	37,865	65,817
Sub-total (Jan.-June) ..	484,415	212,360	322,730
July	62,909	35,582	63,019
August	68,171	22,664	71,931
September ..	67,927	34,545	75,521
Sub-total (Jan.-Sept.) ..	683,422	305,151	533,201
October ...	72,160	*	87,890
November ..	90,500	*	80,570
Total (Jan.-Nov.)	846,082		701,661

* Not yet available.

An analysis of the expansion of exports by trading areas according to currency of settlement shows the following trends:

Firstly, exports to the dollar area, especially the United States, greatly increased, the principal items being raw silk, canned goods and nonferrous metals. According to Table II, in the first half of 1950 exports to the United States amounted to as much as the total exports for the preceding year, while exports to dollar account trade agreement countries amounted to twice as the record for the corresponding period of the preceding year, thus resulting in a slight favorable balance of trade with this area. In the second half of 1950 the exports further increased, stimulated by the outbreak of the Korean war. As shown in Table III, total exports in 1950 amounted to twice as much as the 1949 record.

Secondly, exports to the sterling area in the first half of 1950 were rather slack owing chiefly to (1) the higher cost of Japanese goods as compared with British goods in consequence of the devaluation of the sterling in the preceding year and (2) delays in the issuance of import licenses by the sterling area countries. However, a rapid recovery took place in July and August under the stimulus of the outbreak of the Korean war. Though exports sharply declined in September owing to the rise in the Japanese export prices of cotton goods over their world prices and also to the hesitation of foreign buyers in anticipation of the probable revaluation of the sterling, they increased again in November and thereafter when such adverse factors disappeared. For the year as a whole, however, the exports failed to exceed the previous year's record owing to the slump in the first half (see Tables II and III). Probably the primary reason why exports to the sterling area have not expanded much despite the present trend toward a sellers' market for international commodities, is that Japan is treated as a hard currency country by the sterling area countries because of a dollar payment provision in Japan's trade agreements with these countries, whereunder sterling acquired by Japan in excess of a specified amount may be converted into dollars.

TABLE II

VALUE OF JAPANESE IMPORTS AND EXPORTS BY TRADING AREAS JANUARY-DECEMBER 1949, JANUARY-JUNE 1949 AND JANUARY-JUNE 1950

(Amounts in US$1,000)

Trading area	Imports (including American aid imports) Jan.-Dec. 1949 Amount	Jan.-Dec. 1949 Percent	Jan.-June 1949 Amount	Jan.-June 1950 Amount	Jan.-June 1950 Percent	Exports Jan.-Dec. 1949 Amount	Jan.-Dec. 1949 Percent	Jan.-June 1949 Amount	Jan.-June 1950 Amount	Jan.-June 1950 Percent
Total	906,521	100.0	505,351	474,711	100.0	509,700	100.0	261,021	322,737	100.0
A. Trade agreement countries:	228,654	25.2	116,892	201,308	42.4	386,914	75.9	205,892	198,337	61.5
1. Overall sterling payments and trade arrangement countries:	139,556	15.4	71,829	97,117	20 5	233,784	45.9	127,683	96,485	29.9
a. Participants in trade arrangements * ..	90,295	10.0	47,770	67,959	14.3	192,521	37.8	108,921	62,009	19.2
b. Non-participants in trade arrangements†	49,261	5.4	24,059	29,158	6.2	41,263	8.1	18,762	34,476	10.7
2. Countries with which transactions are financed on an open account basis ‡	85,361	9.4	43,256	93,585	19.7	136,159	26.7	71,369	90,164	27.9
3. Dollar account countries §	3,737	0.4	1,807	10,606	2.2	16,971	3.3	6,840	11,688	3.7
B. Non-trade agreement countries	677,867	74.8	388,459	273,403	57.6	122,786	24.1	55,129	124,390	38.5
1. United States, territories and possessions ..	576,839	63.6	330,808	215,964	45.5	82,700	16.2	38,936	76,601	23.7
2. Other countries	101,028	11.2	57,651	57,439	12.1	40,086	7.9	16,193	47,789	14.8

* Aden, Australian Commonwealth, Barbados, Burmuda, British East Africa, British Guiana, British Honduras, British North Borneo, Cyprus, Fiji, Gambia, Gold Coast, India, Jamaica and Colonies, Leeward Island, Malayan Union, Malta, Mauritius, New Zealand, Nigeria, Northern Rhodesia, Sarawak, Sierra Leone, Singapore, Southwest Africa, Trinidad and Tobago, Union of South Africa, United Ki\gdom and Windward Islands.

† Anglo-Egyptian Sudan, Burma, Ceylon, Egypt, Eire, Iran, Iraq, Pakistan, Persian Gulf Sheikdoms, Transjordan and Tripolitania.

‡ Argentina, Brazil, Finland, French Union, Hongkong, Indochina, Indonesia, Korea, Kingdom of the Netherlands, Philippine Republic, Thailand, Sweden and West Germany.

§ Belgian Monetary Area, Chile, Colombia, Mexico, Peru, Ryukyus, Uruguay and Venezúela.

TABLE III

VALUE OF JAPANESE EXPORTS BY AREAS, BASED ON VALIDATED EXPORT STATISTIC*

(Amounts in US$1,000)

Area †	Jan.-June 1950 Amount	Jan.-June 1950 Percent	July-Dec. 1950 Amount	July-Dec. 1950 Percent	Total for 1950 Amount	Total for 1950 Percent
1. Dollar area	159,083	49.8	184,649	39.8	343,732	43.9
a. Trade agreement countries	21,660	6.8	20,882	4.5	42,542	5.4
b. Non-trade agreement countries	137,423	43.0	163,767	35.3	301,190	28.5
2. Sterling area	87,843	27.5	135,997	29.3	223,840	28.6
3. Open account countries	72,420	22.7	143,481	30.9	215,901	27.6
Total	319,346	100.0	464,127	100.0	783,473	100.0

* Validated export statistics are statistics of exports validated by foreign exchange banks in Japan on the strength of evidence that export contracts are backed by sure means of payment. Hence they are more or less close to statistics of export sales contracts.

Such being the nature of validated export statistics, the figures given in them differ from the monthly statistics of actual export shipments, though there is probably no great difference between the validated export statistics and actual export shipment statistics for the year as a whole.

† The classification by areas in this table differs from that given in Table II owing to the fact that in this table the non-trade agreement countries separately classified in Table II are included in the dollar area as dollar account non-trade agreement countries.

Thirdly, exports to the open account countries in the first half of 1950 far exceeded the export amount for the corresponding period of the preceding year, despite the fact that the foreign market was then a buyers' market. This fact may be said to indicate the success of the Logan concept of importing first in order to export, for which very purpose the open account agreements were concluded. Exports to the open account countries further increased in the second half of the year when the foreign market turned to a sellers' market and multilateral trade developed. Be that as it may with respect to the method of trade by agreement between two countries, there have arisen several problems, which will be discussed later in this article.

A significant fact to be noted in the expansion of Japanese exports in 1950 is the fact that Japan rose from third place to first place in the world as a cotton goods exporting country, with the exports of cotton goods in the first 11 months of the year amounting to 980 million square yards.

Slump in Import Trade

It can be seen from Table I that import trade during 1950 was in a slump, with the total imports for the year failing to reach the planned goal of US$1,020 million. As already stated, imports steadily declined from May onward, but it should be noted that this conclusion is based only on the import shipment statistics, which do not truly reflect the situation of import contracts. That is to say, since six months at the longest is required between the conclusion of import contracts and the arrival of goods in Japan, the import contract situation is belatedly reflected in the import shipment statistics several months after the conclusion of such contracts. As the comparatively satisfactory volume of imports reflected in the import shipment statistics in the early months through April was due chiefly to the concentration of government imports toward the end of the preceding year, this volume of imports could not by any means be construed to indicate that private importation, begun in January 1950, was progressing smoothly, for it was not until April that the real state of private importation could be reflected in the import shipment statistics. So it may be said that the slump in import trade after May, as reflected in the import shipment statistics, was an indication of the unsatisfactory progress in private importation. Various reasons for this unsatisfactory progress may be cited.

Firstly, because of Japan's shortage of foreign exchange, a strict foreign exchange control has been in force, whereunder an exchange budget has been set up and import licenses have been granted on the basis of such budget. Under such an import license system, commercial importation to meet constantly changing conditions has been handicapped by (1) the rigid limit for imports established by the exchange budget from the standpoint of balancing the budget and (2) the conditions attached to the imports licenses which did not conform with the situation in the exporting countries. A far more important factor which impeded imports was the shortage of yen funds on the part of the Japanese importers, because under the exchange control system in force the importers had to pay the import drafts in yen currency. As the importers had only limited access to bank loans under the tight money situation brought about by the Dodge Line, and as the ultimate buyers of the imported goods also were short of funds, importation of goods had to be deferred until adequate import finance could be provided.

Secondly, purchases abroad could not be smoothly made because the source of imports was changed from the dollar area to the non-dollar area (for example, as shown in Tables IV and V, the purchase of foodstuffs and beverages, the principal items of imports, was shifted from the American continents to Asia) owing to the reduction in American aid to Japan and the supreme necessity of saving dollar funds. Moreover, Japanese importers were unable to forecast accurately the trend of world market. Purchases were further delayed especially after the outbreak of the Korean war when the world market became a sellers' market and world prices began to rise, which led foreign sellers to hold off sales, cancel existing contracts, or refuse to sell except against cash payment in dollars. As the shift of purchases was made from the dollar area to the non-dollar area comprising trade agreement countries, namely, sterling area and especially open account area (see Table II), with which areas trade agreements had been established chiefly with the aim of balancing the import and export trade between only the two countries concerned, importation was further hindered by this shift, especially after the outbreak of the Korean war. Again, since the barter system was used in importing goods from the non-trade agreement countries, smooth importation could not be made, chiefly on account of the fact that the articles for counter export from Japan were not desired by the other side. In any case, it seems that the unsatisfactory condition of imports was due to this external factor, whereby the method of trade agreement between two countries, which had been successfully employed in a buyers' market, failed to function properly when the world market became a sellers' market and multilateral trade became possible.

In short, the unsatisfactory condition of import trade during 1950 may be attributed to (1) the shortage of funds on the part of Japanese importers, (2) various defects in the preparation of the foreign exchange budget and in the granting of licenses in the early stage of private importation and (3) the change of the world market to a sellers' market in the second half of the year. Although the domestic factors of defective import procedure and shortage of yen funds were remedied in various ways after September 1950, they came rather too late because by that time the other countries had steadily intensified export control over critical materials. Nevertheless, imports slowly increased toward the yearend, which may be said to be a manifestation of the efficacious results of private importation. Accordingly, it is improper to argue at this time about the merits and demerits of private importation just because import trade on a private basis happened to be unsatisfactory during the greater part of 1950. Instead, there are numerous points for improvement. For example, in a situation where the world market has changed to a sellers' market a study should be made of the proper method of conducting trade under trade agreements and aggressive importation with cash dollars should be resorted to.

TABLE IV

VALUE OF JAPANESE IMPORTS * AND EXPORTS BY COMMODITY GROUPS JANUARY-JULY 1950

(Amounts in US$1,000)

	January-July 1950			
	Imports		Exports	
Commodity group	Amount	Percent	Amount	Percent
Food and beverages ..	235,783	43.6	23,704	6.1
Fibers & textiles	178,002	32.9	194.762	50.1
Wood & pulp .	2,508	0.5	6,773	1.8
Animal & vegetable products	27,024	5.0	5,091	1.3
Oils, fats and waxes	31,514	5.8	3,470	0.9
Chemicals ...	41,195	7.6	5,960	1.5
Non-metallic minerals ..	11,092	2.1	20,175	5.2
Metals & metal products ..	10,979	2.0	75,673	19.6
Machinery ..	1,794	0.3	30,095	7.8
Miscellanecus products	434	0.1	20,038	5.2
Total	540,325	100.0	385,741	100.0

* Include American aid imports.

TABLE V

VALUE OF JAPANESE IMBORTS * OF FOOD AND BEVERAGES BY CONTINENTS JANUARY-JUNE 1949 & JANUARY-JUNE 1950

(Amounts in US$1,000)

	Jan.-June 1949		Jan.-June 1950	
Continent	Amount	Percent	Amount	Percent
Asia	52,020	14.3	92,411	43.3
Europe	161	—	45	—
North & South America ..	304,983	83.9	96,795	45.3
Africa	2,546	0.7	4,436	2.1
Australia and Oceania ..	3,780	1.0	19,798	9.3
Total	363,490	100.0	213,485	100.0

* Include American aid imports.

Increase in Dollar Reserves

As the result of the expansion of the dollar area, the change to trade agreement countries for the import of goods as a measure for saving dollar exchange, and the general slump in import trade, the dollar reserves of Japan greatly increased. According to Japanese press reports, the dollar reserves of Japan as of Dec. 31, 1950 amounted to more than US$500 million.

Besides the afore-cited factors, another factor which contributed to this increase in Japan's dollar reserves was the procurement in Japan of supplies and services by the United Nations Forces since the outbreak of the Korean war. Table VI compares the validated amount of exports in 1950 with the special procurement contracts for the period June 26 to Dec. 24, 1950. It will be seen from this table that special procurement contracts amounted to US$120 million, being approximately 13% of the combined sum of the validated exports and special procurement contracts. Besides, procurement of services amounted to US$62 million. Though the actual amount paid for such supplies and services is not known, it is certain that these special procurements constituted one of the factors responsible for the increase in the dollar reserves of Japan.

Foreign Trade Outlook for 1951

As described already, Japanese dollar reserves increased during 1950, and the future outlook for Japanese exports is good in view of the change of the world market to a sellers' market under the intensified armament programs of the various countries. It is, therefore, expected that the Japanese balance of international payments will continue to be favorable for the time being.

On the other hand, however, consideration should be given to the existence of conditions which do not warrant optimism.

Firstly, even if the Japanese balance of international payments turns favorable there is fear that if the trend of world prices should take the course of higher cost of raw materials against lower prices of finished products, the net proceeds receivable by Japan will decrease in view of the special feature of Japanese foreign trade, namely, the processing of imported materials into finished products for export, or, in other words, the sale of labor as a means for feeding the domestic population. Moreover, even if the situation of higher cost of raw materials against lower prices of finished products does not appear in a conspicuous form, there is a strong possibility that the net proceeds receivable by Japan will decrease because of the inability of Japanese makers and importers to hold off the disposal of goods until such time as the goods can be sold at favorable prices, owing to the general shortage of funds on the part of these makers and importers. Therefore, even if the balance of international payments turns favorable to Japan, the financial resources of Japanese industrial enterprises cannot be expected to be strengthened.

Secondly, the question arises as to whether it is possible to import industrial raw materials to the extent necessary for exporting US$1.5 billion worth of goods each year, which amount is considered to be a requisite for improving Japanese balance of international payments and for maintaining the Japanese economy on a self-supporting basis. If this export amount is too large, would it be possible to export even US$1 billion? This is a serious question in 1951 because of the following conditions:

1. Purchase of raw materials abroad will become more and more difficult because of the intensification of export control and competitive buying by other countries as their

armament programs progress. Examples are the export control on American cotton, increased export duty on Malayan crude rubber and the competitive purchase of raw materials by the United States, Britain and the Soviet Union.

2. The restriction of exports to Communist China since Dec. 6, 1950 has no small effect on Japan, judging from the fact that Japanese exports to and imports from Communist China in the first nine months of 1950 amounted to US$9,260,000 and US$30,900,000, respectively, and were further increasing thereafter. The effect is especially great on imports. As the result of this suspension of trade with Communist China, the Japanese Government believes that it will be necessary to look to the United States and other areas as the sources of such raw materials as heavy coking coal, iron ore and industrial salt, which were expected to be imported from Communist China. As a consequence, Japan's degree of dependence on the United States is expected to increase further hereafter, but it is difficult to forecast whether imports from that country can be made according to schedule because of the limited exportable capacity and higher costs of imports from the United States. The present political unrest in Southeast Asia is another impediment to imports from abroad.

3. Domestically, Japanese importers and makers are unable to carry out flexible importation according to constantly changing conditions on account of their lack of financial resources sufficient to carry stock of substantial size.

These conditions render it difficult to forecast whether import of goods can be made in a satisfactory manner. Under such conditions, it is doubtful whether exports will expand to over US$1 billion. Besides this difficulty of importing raw materials, the shortage of bottoms, electric power, etc. are important factors which make it doubtful whether the exports can be expanded to the desired volume.

It has been shown that the future of Japanese foreign trade depends to a large extent on external factors. As for internal means for coping with the situation, ways must be found to provide capital necessary for the modernization of equipment, and foreign trade operations must be given flexibility to meet constantly changing conditions.

TABLE VI

COMPARISON OF THE VALIDATED AMOUNT OF JAPANESE EXPORTS WITH SPECIAL PROCUREMENT CONTRACTS, BY COMMODITY GROUPS, 1950

(Amounts in US$1,000)

Commodity group	Validated amount of exports *		Special procurement contracts †		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Fibers and textiles	338,189	94.4	19,940	5.7	358,129	100.0
Metals and metal products	161,884	83.6	31,827	16.4	193,711	100.0
Machinery	73,677	68.2	34,404	31.8	108,081	100.0
Agricultural and marine products ‡	80,960	78.9	21,643	21.1	102,603	100.0
Miscellaneous products	89,340	99.4	495	0.5	89,835	100.0
Chemicals	19,975	77.5	5,788	22.5	25,763	100.0
Non-metallic minerals	19,440	76.0	6,123	24.0	25,563	100.0
Total	783,465	86.3	120,220	13.3	903,685	100.0

* For the whole year 1950.

† Contracts for procurement of goods by the United Nations Forces in Japan from June 26 to Dec. 24, 1950.

‡ Include food and beverages, wood, paper and pulp, animal and vegetable products, and oils, fatst and waxes.

Note: In addition, services to the United Nations Forces amounuted to US$62,262,000.

HONGKONG'S INDUSTRIAL & TRADING VALUE

To the Hongkong resident it must seem that the Colony for all its appearance as simply a dot on the maps of the world, holds an unusual position in Far Eastern affairs. On the one hand it thrives irrespective of whatever obstacles may be placed in its way; on the other, it receives from time to time what appear to be such knock-out blows that it is a marvel that it can succeed in recovering before the count is over.

The latter point is applicable to the present situation, and bears upon the drastic enforcement of the United States embargo upon certain shipments to Red China, in which Hongkong and Macao have been included. This has created a state of affairs difficult to handle and which may be the cause of many greying locks before the year is half over. How to obtain the raw materials required for the many industries now carried on in Hongkong is the question of the hour, and no solution has yet been arrived at.

In the opinion of the Hongkong merchant, the controls imposed by the U.S. authorities upon exports to the Colony are so strict as to convey the impression that Hongkong is regarded as existing mainly for the purpose of supplying Red China with strategic materials. This misunderstanding, if it be so, can be very harmful. It is obviously the case that Hongkong, like any other community, must carry on trade or die; on the other hand, it is equally clear that a nation at war must impose restrictions with a view to preventing its opponent so far as possible from procuring supplies of those essentials that might aid in the prosecution of the war. This latter point is of course fully appreciated by all thinking people. It is, however, generally felt that in practice any restrictions found necessary should not be imposed so drastically as to affect harmfully or tend to ruin the manufactures of a friendly community such as Hongkong, as part of the British Empire, claims to be. From this angle, the argument is that by crippling the Colony's economy the use of the port by the United Nations in resisting aggression will be minimised. The mere fact that Hongkong is available as a base for naval and military supplies and repairs, offering facilities unrivalled in the Far East should, at least in the opinion of its residents, earn for the Colony more tolerant treatment in the procuring of the necessary supplies.

Unfortunately, however, this aspect of the case does not seem to have weighed with those responsible for introducing the controls in Washington. As the Governor of Hongkong pointed out in a speech before the Legislative Council prior to the introduction of the Appropriations Bill for 1951-52, "the Colony's position as a trading centre is already being affected by the American embargo", and he also added that "prospects for the coming year do not at the moment appear very promising". Sir Arthur Morse put it even more forcefully when he stated at the annual meeting of the Hongkong & Shanghai Banking Corpn. that "the sudden application of these measures without warning led to the disruption of contracts already made and a good deal of uncertainty and confusion. It also upset the industry of the Colony by depriving it of cotton and other raw materials essential for its own needs and for its markets outside China, and it jeopardised the livelihood of its workers and the indispensable functions served by this great port."

The sting of Hongkong's position lies in the fact that it is almost impossible to procure from other countries, except to a limited extent, such commodities and raw materials required by local manufacturers as have hitherto been obtained from the United States. To give an idea of what this means, and of the extent to which Hongkong's trade has been affected by the embargo, it is significant that in

January of this year trade with the US fell by nearly 43% compared with January 1950, abruptly reducing the proportion borne by that country in the Colony's total trade to 5% as against a proportion of 16% in the previous January.

It is depressing that when the HK Director of Commerce & Industry returned from his trips to London and Washington on behalf of the local manufacturers, he was able to hold out small hope of any immediate relaxation in the embargo, beyond an assurance that all applications from Hongkong for the supply of materials would meet with sympathetic consideration. It is, however, only too true that such applications are not always dealt with as promptly as the manufacturer would wish, and delays when stocks are running out are apt to have a serious effect upon the industries involved.

Hongkong in the course of the last few years following the war has shown astonishing recuperative powers and in addition has built up an industrial structure upon the sound foundations provided by good government, security, and its position within the British Commonwealth of Nations. In addition, mainly attributable to the collapse of Shanghai, Hongkong has developed as a trading centre of importance not only to China but also to the rest of the world, which would be the poorer if Hongkong did not survive the strain placed upon it. It is therefore all the more important that the misconception already referred to that Hongkong thrives upon supplying strategic materials to China and that this forms the major part of the Colony's trade, should be disproved.

As a matter of fact, Hongkong trade returns indicate clearly that this is far from being the case. In reality, of the Colony's total trade for 1950, which amounted to HK$7,503 million (£469 million, US$1,293 m.), textiles and clothing took first place with a turnover totalling $1,833 million or 24.4% of the whole; of these, imports amounted to $779.8 million and exports to $1,053.2 m., the excess of exports being accounted for by local manufactures. Foodstuffs came next with a total of $1,426.4 m. or 19% of the whole. Consequently out of Hongkong's total trade in 1950 these two categories accounted for 43.4%.

Next in order came chemicals & pharmaceuticals with $884.1 m. or 11.7% of the whole; miscellaneous commodities were fourth with $723.9 m. or 9.6%, base metals & manufactures thereof came fifth with $588.2 m., fats & vegetable oils were sixth with $575.3 m., and rubber was seventh on the list with a total of $470.3 m.

This was the situation in 1950. In January 1951, although the arrangement of items dealt in was slightly altered, in main respects it remained the same, and there is no doubt that the controls imposed by the HK government acting in sympathy with the US helped to stabilise the position. Textiles still maintained first place with a turnover of $223.3 million or 22.4% of the total trade for the month; foodstuffs came second with $147.2 m. or 14.7% of the whole. Rubber, however, had taken the place of chemicals and came third with imports and exports valued at $140.8 m. or 14.2%, while chemicals took fourth place with $76.8 m. or 7.7% of the whole.

As regards Hongkong's trade with China, its growth during 1950 was certainly outstanding. With a total (including Macao) of $2611.8 million (imports into HK$942.3 m., exports to China $1669.5 m.), China's proportionate share of Hongkong's trade was 35.1% as compared with 26.4% in 1949. It must be borne in mind, however, that this is largely due to the overwhelming need existing in the country for materials required for rehabilitation and to the fact that since the end of world war II Hongkong has been the main trading link between China and the rest of the world. The HK trade returns show that the principal exports into China last year for the eight months ending with August were textiles, foodstuffs, chemicals, dyestuffs, iron & steel, non-ferrous base metals, machinery, electrical machinery and equipment, fertilisers; while imports into the Colony were: vegetable oils, foodstuffs, textiles, manufactured articles.

But China is not the only country to which Hongkong's trade is directed. During 1950, imports from South-East Asian countries increased their proportion of the total turnover to 23.5% as compared with 14.7% in 1949; exports likewise increased to 28.5% as against 25.7% for the previous year.

The picture, however, would not be complete if the extent to which other countries now turn to Hongkong's industries as a useful source upon which to draw for their requirements were not touched upon. In 1950, Imperial Preference certificates and certificates of origin issued by the HK Dept. of Commerce & Industry covered goods amounting in value to $196.6 million. This amount, it need hardly be pointed out does not include shipments to the United States or other countries not requiring such certificates, but it will suffice as showing the increasing importance of the Colony's manufactures. Of these locally made goods cotton yarn, knitted wares, cotton piece goods, shirts & clothing, rubber shoes, flashlights and enamelled wares formed close upon 80% of the total, going to Pakistan, the United Kingdom, Malaya, British West Africa, British West Indies, Australia, South Africa, Ceylon, India, East Africa, Thailand, North Europe and other parts of the world.

Apart from exports, Hongkong's industries also have a large home market and over 92,000 workers are registered on the books of the HK. Labour Dept. as employed in the 1,752 factories registered at the end of 1950. This figure includes 13 cotton mills, run on up-to-date lines with modern equipment and employing some 26,000 workers. It does not, however, take into consideration the large number of small unregistered workshops and establishments producing commodities in all parts of the Colony.

With the disturbances in China that accompanied the overturning of the old regime and the establishment of the new, refugees crowded into Hongkong, bringing the usual accompaniments of overcrowding and poverty, and swelling the population to 2.3 million. Of these an estimated 330,000 are living in squatter settlements dotted around Kowloon and Victoria on the Island of Hongkong. It can easily be imagined how difficult the situation could become should the commercial or industrial economy of the Colony become disrupted in any way as might well become the case should the US embargo continue to be applied as drastically as it has been up to now.

Trade Enquiries for Hongkong Firms

Rossenkhan & Co., P. O. Box 118, 1, Place D'Armes, Port-Louis, Mauritius.—Wish to contact Hongkong exporters.

Seeta Stores, 17/1, New Moor St., Colombo, Ceylon.—Wish to export genuine cinnamon leaf oil to Hongkong.

Issac Cohen Pariente, 31, Rue Naciria, Tangier. —Chinese green tea, especially for Chun-Mee qualities.

R. J. Gibson, P. O. Box 1660, Nairobi, Kenya. —Chinese fabrics and brocades, Chinese lacquer work, particularly finger-bowls.

Mr. Hari Krishan Gupta, 8, Pusa Road, New Delhi.—Wood screw manufacturing plant made in Hongkong.

Khushiram Banarshilal, 21-B, Canning Street, Calcutta.—Wish to export shellac and seed lac from India to Hongkong.

Gouri Dutt & Co., Giridih.—Wish to contact importers of India mica.

Husain Limited, New Memon Musjid Bldg., Newnaham Road, Karachi, 2.—H.K. products generally, especially textiles, yarn, hosiery.

Haji Mohamed Said Mohamed Zahour, 14, New Cloth Market, Bunder Road, Karachi, 2.—Cotton, nylon, rayon, woollen & worsted piece goods.

Ifakayode Adeniyi & Sons, 48, Offin Road, Lagos, Nigeria.—H.K. products generally.

J. Abim Adebogun & Bros., 33, Abeokuta Road, Ijebu-Ode, Nigeria.—H.K. products generally.

The Ta-Ta's Stores, 8, Balogun St., West. Lagos, Nigeria.—H.K. products generally.

J. A. Oyedele Bros., Jos N., Nigeria.—H.K. products generally.

Timson Brothers, 39, John Street, Lagos, Nigeria.—H.K. products generally.

A. Rap. & Sons, 44, Abeokuta Road, Ijebu-Ode, Nigeria.—Wrist watches, fountain pens, lamps, gas lamps, motor parts, bicycles, carpets, suits, woollen goods, spectacles, paints etc.

Brown & Forth Ltd., Clifton House, 83-117, Euston Road, London, N.W.1.—Wish to export dyestuffs, sodium nitrite, manganese dioxide, pigments, ammonia, silver nitrate, potassium chlorate, sodium silico fluoride, aluminium hydrate to Hongkong.

INFLATION IN SINGAPORE

Inflation is broadly speaking, the name given to an economic situation in which too much money is chasing too few goods and that is what is happening in Singapore now. At the moment the supply of goods is slightly more than it has been for some time past but the money that people are earning as a result of the extraordinary increase in the price of rubber and tin is far and away larger than before. Commonsense tells us that the way to remedy this position is either to increase the supply of goods or decrease the amount of money that people have to spend or both. As far as Singapore is concerned, the supply of goods available on the local market can be increased in three ways, namely, by increasing imports, by restricting re-exports and by increasing local production. Unfortunately, none of these three alternatives offer the Colony any immediate solution to the problem. The only way in which Singapore can increase imports is to turn to those countries whose imports into Singapore have been restricted. This means the Dollar Area and Japan. The position regarding these countries is still difficult and only slight relaxations can be envisaged. However, the Government has made a start by relaxing on the import of Japanese textiles, cement and wire nails and by opening up on milk and canned sardines from the Dollar Area.

It is well-known that the entrepot trade of Singapore is one of the vital sources of its livelihood and any restriction on re-exports tends to be detrimental to that trade. However, re-exports of essential materials can be confined to traditional entrepot markets, and in certain cases, where such commodities do not enter largely into the entrepot trade, exports can be prohibited altogether. It is clear that on a relatively small island such as Singapore with over one million inhabitants nothing significant can be done to increase local production, but people can be encouraged to grow more of their own vegetables and keep poultry and livestock.

One of the ways in which the supply of money in people's pockets can be reduced is, of course, by taxation and the creation of a budget surplus. Here again one has to go slowly because increased import duties may harm the entrepot trade and increased direct taxation in the form of income tax may not fall equally on all sections of the population due to excessive tax evasion. However, the Company Tax has been increased from twenty to thirty per cent and constant endeavours are being made to improve the system of collecting income tax in the Colony. Another way of decreasing the supply of money is to encourage the people to save. If everyone increased their saving by even a fractional amount there is no doubt that local prices would fall. One of the ways in which the Government provides for this is by the provision of Post Office Savings Banks.

A form of saving is advocated by "consumer resistance." This means that the public as a whole should resist the efforts of retailers to take advantage of the increased supply of money and should aid the normal process of competition between retailers by carefully choosing the cheapest shops before purchasing what they want. It is this facet of the problem which is most important in Singapore at the present time and it is action along these lines which offers the best chance of success. The present inflation is not chronic since there are more goods available than are actually finding their way on the market. Many retailers are hoarding their supplies and waiting for prices to go up before they sell. But there are retailers who have an eye on their future customers and are willing to sell with a normal margin of profit. If one can only persuade consumers as a body to search out these far-seeing and reasonable retailers, the hoarders will be forced to lower their prices and get rid of their stocks. This is why consumer resistance movements, which are growing up spontaneously in the town, have the fullest support of Government and the public should wish them every success.

SINGAPORE'S BAN ON RE-EXPORTS OF US GOODS TO HONGKONG

The re-export from Singapore and Malaya to Hongkong of all goods of hard currency origin has recently been prohibited. During January and February re-exports to Hongkong from Singapore have increased considerably. A large proportion of these re-exports have been goods of hard currency origin bought by Singapore for dollars out of its allocation. This increased re-export trade to Hongkong has coincided with the American ban on exports to Hongkong. It is reasonable to assume a direct causal relationship between the two happenings.

U.S. Dollars available to Malaya and Singapore during a single year from the Sterling Area Pool are limited and must in general be used for essential imports into the Colony and Federation. It is not considered reasonable to use such dollars to finance trade with Hongkong because Malaya does not get goods in return which can be sold for dollars. The Singapore Government has no wish to stifle the trade of the Colony or to do dis-service to Hongkong, but the needs of Singapore's consumers must come first. Hence the ban.

THE CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA

STATEMENT BY THE CHAIRMAN, VINCENT ALPE GRANTHAM, ESQ., ON THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 1950, AT THE ANNUAL ORDINARY GENERAL MEETING OF THE STOCKHOLDERS, TO BE HELD IN LONDON, APRIL 4, 1951

The Bank's Balance Sheet

The Accounts indicate the continued expansion of the Bank's business, and this year we have again to deal with record figures. The total of the Balance Sheet at £193,602,640, the largest we have ever been able to show in the entire life of the Bank, is £42,082,196 greater than last year, and reflects not only a large expansion in the volume of the Bank's business, but also the inflated prices of many of the commodities we are constantly called upon to finance in the daily conduct of our affairs.

On the left-hand or Liabilities side of the Balance Sheet, all the main items, with the single exception of Notes in Circulation (decrease £11,243), show increases, the large expansion in the figures of Current and Other Accounts, Fixed Deposits and Acceptances of £33,320,824, £2,943,033 and £2,337,033 respectively, being specially notable. The slight decrease in Notes in Circulation in Hongkong, where alone the Bank now has note issuing powers, is without significance. The increases in Current and Other Accounts, and in Deposit Receipts reflect, in the main, higher figures in areas served by the Bank further East than India. In India, finance provided by the Exchange Banks, of which this Bank is one of the leaders, has a tendency to find its way into other sections of the banking system, so that, in spite of the greatly increased business the bank is handling there, our Current Accounts and Deposit Receipt figures in that country, if anything, show a slight contraction.

On the right-hand or Assets side, the increases are again widely spread and, as on the Liabilities side, extend to all the main items, with the exception of the Securities held against the Note Issue, the decrease in which, in view of the remarks already made regarding Notes in Circulation, requires no explanation. Increases of £10.228,241 in Bills of Exchange and of £14,304.371 in Advances to Customers and Other Accounts, reflect the greater extent to which the Bank has assisted industry and trade in the year under review, while the increases of £5,436,401 and £6,171,069 in Cash in Hand, at Call and at Bankers and in Government and other Securities respectively, reveal that, in spite of the added calls made upon the Bank's resources for the finance of trade, it has still been possible to preserve and maintain a liquid and strong position. The increase of £3,737,500 in Balance of Remittances, Drafts, etc., merely reflects the higher prices of commodities and the greater volume of entries passing through the Bank's books but is otherwise without significance, while the increase of £2,337,033 in Liability of Customers for Acceptances, offsets the equal increase on the other side in Acceptances and, as was the case last year, is mainly due to an expansion in the business being handled by and on account of our branches in Japan.

Profit and Loss Account

The Nett Profits for the year are £632,807, an increase of £117,215 over those of last year. In my speech last year I referred to a general deterioration in working conditions in almost every Eastern country in which the Bank operates. These conditions have persisted and there has also been a further rise in Working Costs. But, as our Balance Sheet figures show, our business has substantially increased and this increase is naturally reflected in the larger nett returns. We must be prepared, I think, from now on, for diminishing nett returns.

We paid an interim Dividend in September last of 6%, less Income Tax, absorbing £99,000. We now feel that we can reasonably return to an annual rate of distribution of 14%, which was the level of dividend paid by this Bank before the war for a great many years. With the exception of China, our Branches are now all working again and several new branches have been opened. We have completely recovered from the serious losses suffered during the war when more than three-fourths of the Bank's offices were overrun by the enemy, and our business fully justifies a return to the old rate of dividend.

It is therefore proposed that, out of the Balance available for distribution this year, a final dividend of 8%, less Income Tax, be paid, costing £132,000, making the total distribution for 1950 14%.

As regards allocations to the various funds, your Directors recommend allocations to the Pension Fund and Widows' and Orphans' Fund of £125,000 and £20,000 respectively. The calls upon both these funds continue to be heavy and I am sure the Stockholders will approve of the increased allocations.

We propose to repeat last year's allocation to Premises account of £200,000. Expenditure under this heading still goes on, and it will continue to be necessary during the next few years, to take every opportunity of keeping the Balance Sheet figure under this heading at a reasonable level. But we hope that our programme of building, both of office premises and of accommodation for our officers, will from now on gradually lighten.

Finally I would refer to the Bank's Reserve Fund. During the last ten years our Balance Sheet total has increased out of all proportion to the Issued Capital Stock and Reserve Fund. In 1931 we had to make an allocation of £1,000,000 from the Reserve Fund to provide for Exceptional Losses in Exchange due to this country going off the Gold Standard. We have this year restored this fund to its original figure of £4,000,000 by a transfer from Contingencies.

It is proposed to transfer £100,000 from Profit and Loss Account to Contingencies, thus reducing the amount to be carried forward to £365,836. During the last few years the amount carried forward has been kept at rather a higher figure than was strictly necessary because of various developments to which I have referred from time to time, but it is felt that the time has now come to return to a more normal carry forward.

Review of Far Eastern Countries

In spite of the acknowledged difficulty of expressing detached views regarding conditions in areas with which we are so closely concerned, I feel that you will expect me to continue my practice of attempting to do so.

Much that has to be deplored has happened in the Far East in the year 1950, but much good may yet come out of events still in progress, and I should be lacking in a sense of balance were I to paint in the background entirely in black without any relief. Unquestionably the whole position has been dominated by the Communist victory in China. The new regime and their armies have thrown their shadow over all the surrounding countries and even influenced events in far off Malaya, where the bandits drew encouragement for a time from events in China and Korea.

The engagement of a picked Communist Chinese army in Korea by the troops of the United Nations has deflected the attention of the Communist hosts from the lands to the South of China, and, alhough it is too early yet to attempt to forecast the future outcome of events now in progress in Korea, it is clear that recently the United Nations' armies have been more than holding their own in spite of the great numbers arrayed against them, and if this state of affairs can be continued, it is not too much to hope that the result will be momentous and salutary in improving the chances of a return to more stable conditions in many countries in the Far East, hitherto apparently under threat from the Chinese. At any rate recent events in the Korean war would seem to presage for many of the countries of South-East Asia a greater chance to develop their new Constitutions and Economies undisturbed from outside than appeared possible even a few months ago.

As you are aware, and as I stated last year, the Bank is a trading concern pure and simple, operating to further the economic well-being of all the countries it serves, and having no direct concern with politics of any kind. Unfortunately, however, the economic position in all countries is nowadays so greatly influenced by their Governments and by policies deriving from political rivalries, that it is well-nigh impossible to comment upon the economic aspects in any country without appearing to adopt some standpoint in the political field. Nevertheless my endeavour will be to view the position objectively.

India.—It is with deep regret that I record the death, on the 15th December, of one of India's great statesmen, Sardar Vallabhai Patel, Minister for Home Affairs and Deputy Prime Minister. In the interval between 15th August, 1947, when the Dominion of India came into being, and 26th January, 1950, when the new Union of India was inaugurated, it was mainly due to the energies and forceful direction of Sardar Vallabhai Patel that the rulers of the Indian States, over 500 in number, were persuaded to accept the integration of their territories into the Indian Union, which now has a population of around 350 million souls. It is thus a somewhat disturbing feature that this great statesman, who, above all things, was a realist, should be removed by death just when his great qualities of wisdom and firmness would have been more invaluable than even to the Nation in its conduct of affairs.

In the first year of its existence as an independent sovereign republic, India has encountered many vicissitudes, but while the economic health of the nation has suffered severe set-backs, it is encouraging to note that the main problems in the economic field are being tackled with energy and understanding. The many difficulties inherent in the economy of a nation of some 350 million people, have been increased by a series of natural calamities, for earthquakes, floods and drought have, in turn, seriously interfered with agricultural production in the home field, and for food—the provision of which in adequate quantities is, of course, a problem of the first magnitude—India has been thrown on the mercy of foreign growers, to an extent greater than ever before, perhaps, to obtain her ever-increasing requirements. You are no doubt aware that, so great was the emergency facing India recently in respect of food supplies, the United Kingdom, itself vitally dependent upon imported foodstuffs, diverted to India some hundreds of thousands of tons of grain en route from Australia to England. But so great are the needs of India for food, that this quantity represented no more than a gesture of goodwill, and only the arrival of shipments of literally millions of tons of grain during the next six to twelve months will prevent famine developing in India over a wide area, with all that means in the dislocation of industry and employment. Fortunately, Mr. Truman, the President of the United States, realising the needs of the position, has offered, in the first instance, one million tons of wheat as a gift, and Mr. Dean Acheson, the United States Secretary of State, has indicated that a further million tons may be made available at a later date, and this is reassuring; but much more is likely to be required, and the mere physical difficulty of moving such quantities of grain as will be required by India within the year, from distant countries, even if the grain exists and can be made available, is a problem which is no more than possible of solution, and then only at a sacrifice of shipping space which normally would be otherwise employed. It is scarcely to be wondered at, therefore, that much serious thought is being given in Governmental and banking circles to the questions surrounding the importation of food on a gigantic scale, and the means of payment therefore, and on the related questions of industrial production, capital investment, control of prices, and the appeasement of labour, to enumerate just a few of the outstanding problems in the economic life of India today.

In such an environment, the work handled by the Exchange Banks in India and by the Banks in general has been both extensive and complicated, and our staffs have been taxed to their uttermost to cope with the ebb and flow of trade in and with India. It is gratifying to be able to say that our relations with the Indian Joint Stock Banks continue to be excellent and that we find the Reserve Bank of India ever helpful and efficient in the great task which it performs at the centre of the Indian economy.

In August last, after many months of deliberation, the All-India Industrial Tribunal (Bank Disputes) findings were made public. The award affects about 200 banks and is concerned mainly with a number of questions relating to pay scales, dearness allowances and bonus, etc. While the Award is not subject to appeal, banks have been able to obtain a stay of execution in regard to certain points of some importance; but, in spite of this, the repercussions of the Award — which, without question, imposes heavy additional burdens upon the profit-earning capacity of all banks and especially banks with many branches in India—will be widespread, and will eventually be felt by all sections of the community.

Labour conditions and productive capacity in industry have been far from satisfactory. The cotton mills in Bombay have had to contend with a protracted strike on the part of their operatives, while, in both the jute and cotton industries, a shortage of raw materials prevented their operating on a full and efficient basis. In respect of both these commodities, the lack of adequate supplies from Pakistan is a serious feature, and it is with great pleasure, therefore, that we have all learned recently of the signing of an Indo-Pakistan trade agreement.

In spite of the many unfavourable conditions noted above, there has been improvement in India's overall trade balance recently. This has been achieved to come extent at least through a rigorous control over imports, rather than by increased exports, although rising prices of the latter have assisted this favourable development. Translated into figures, it would appear that, while at the end of June, 1950, the trade balance for the previous twelve months was adverse to the extent of about Rs. 49 Crores, the trade figures in the twelve months to September, 1950, became favourable by some Rs. 9.5 Crores, which, however achieved, must be regarded as a hopeful sign.

Pakistan.—In reporting upon the position in Pakistan last year, I indicated that prosperous conditions had prevailed until the closing months of the year when a recession in exports had set in and conditions generally assumed an unfavourable appearance. This course of development was attributed to the fact that, when Sterling was devalued in September, 1949, Pakistan, alone among all the countries in the Commonwealth, decided to maintain its currency on the old level, with the immediate effect of rendering the products of Pakistan expensive in terms of the almost universally depreciated currencies of former buying countries. In the year now under review the position has been reversed in that the outlook in the first few months of the year continued to be black; but as the months passed, and chiefly as a result of the world boom in the prices of basic commodities, and specifically of jute and cotton, Pakistan's trade position improved, and the continued buoyant world demand for these two commodities, and for all the tea, wheat, and any other grain Pakistan can produce, has swung Pakistan's trade position greatly in her favour, and has removed, for the immediate future at least, any need to contemplate depreciation in the value of the Pakistan Rupee, although, from the point of view of convenience alone, some adjustment to a more workable level would appear to be indicated, and might ultimately be possible of arrangement, now that a trade agreement with India has been signed.

For years past I have drawn attention to the desirability of Pakistan and India having the closest possible trading relationship. I am well aware of the political differences which separate the two Dominions; but, in trade, they were and should continue to be complementary. Admittedly and surprisingly, Pakistan has demonstrated that the country can operate successfully quite independently of India, as the following trade figures with the outside World will show:—

	Imports	Exports	+ or —
January/November, 1949	Rs. 98 Crores	Rs. 71 Crores	—Rs. 27 Crores
January/November, 1950	Rs. 83 Crores	Rs. 116 Crores	+Rs. 33 Crores

and although it is confidently expected that the jute crop will be disposed of in good time without an undue carry over, present conditions will not last indefinitely. Up to the time of signing the Trade Agreement the bulk of Pakistan's products were being marketed overseas, and there was a question whether, with the present World shortage of shipping and a limited tonnage of her own, her exporters would be able to continue to keep up an even flow of supplies to markets where they are at present most sought. This position will now be eased.

Pakistan became on 5th July a fully-fledged member of the International Monetary Fund and of the World Bank. Its economic and financial position is fundamentally sound in spite of the high level of expenditure on Defence. Some progress has also made in the import of machinery and in setting up both cotton and jute industries. With the signing of the Trade Agreement and assuming that the wise control on financial and economic policy as exercised by the State Bank will continue, the future can be looked forward to with some confidence.

Burma—In a country which so recently was almost completely disorganised through civil strife, it is a considerable achievement that rice exports have recovered since the war to the extent which they have done. Internal strife and insurrections continue to cause grave losses of revenue and foreign exchange; but the policy of extending paddy cultivation has been pursued diligently and, although not yet regarded as completely satisfactory, the crop forecast for 1950/51 places the sown area at about 74% of the average for the pre-war five years ending 1940/41. No official figures are available for the export of rice and rice products for 1950, but it is estimated that the State Marketing Board's forecast of 800,000 tons has been exceeded by roughly 400,000 tons, with an old crop carry forward of about 250,000 tons. On the other hand, it seems absurd that Burma, with all her natural wealth of oil should find it necessary to import the greater proportion of her requirements of oils and petrol.

From the commencement of 1951 the Union Bank of Burma have been prepared to buy from and sell to Banks Sterling at 1/6 and 1/5-31/32 respectively up to six months forward. This was a wise move and has been a material factor enabling the Banks to finance the movement of the rice crop. This move also augurs a sound position in relation to the curency and has created confidence among the banks, which has been further confirmed by the Currency Board having continued to operate from London, no announcement having yet been made of any impending transfer of its functions to Burma.

It is significant that, in spite of internal unsettled conditions, Burma has been able to maintain some semblance of economic stability. Extensive rice exports at handsome, though in no sense excessive prices under present world conditions, have enabled the country to import and pay for considerable quantities of "procurement goods," and in July last, the importation of certain categories of textiles was placed under open general licence with the effect that imports of textiles between August and December amounted to some Rs. 12½ Crores. At present, stocks of piece goods are undoubtedly heavy but they have been laid down at under present replacement cost, and under normal conditions they should move into consumption during the next three or four months.

Last year I felt that the future of Burma depended upon the ability of the Government to preserve law and order. This year this factor is no less important, but progress in this direction has been made and the Government's attention on the economic side should be directed to broadening the base of the country's economy, which, at the moment, and naturally perhaps, depends too largely upon the production and export of rice. Not that any let-up is suggested in this direction; but if, happily, the rest of the world should become more nearly self-sufficient in regard to food than at present, however unlikely, not to say impossible this may appear under present conditions, it would be well for Burma to have other means of procuring the foreign exchange necessary to provide the people with the products they need, if the greatly hoped-for betterment in their living standards is to be achieved. Burma is, fortunately, a fundamentally wealthy country, possessing great potentialities, and all that would appear to be required—a good deal, perhaps, under present conditions in the East is law and order and stable Government within the country so that Burma's other great industries, namely, timber, oil, mines and plantations may make their contribution to the economy of the country.

Ceylon.—Ceylon has again enjoyed a fair measure of prosperity and, as there has been a continuance and enhancement of the good world markets prevailing last year for all its main products, viz., Tea, Rubber, Copra and Spices, it would have been surprising had this not been so. On the other hand, however, the Island, in common with some of its neighbours, has had to utilise a large proportion of the proceeds of exports in the import of food stuffs and other essentials to maintain the well-being of the people, and this process has placed a heavy strain on the Island's economy and throughout the year much attention has had to be directed toward curbing inflation and keeping living costs within bounds. It is clear that the Government — and Ceylon is fortunate in possessing a stable Government and Governmental institutions — has been giving much serious thought to devising means of curbing inflation, and it is no doubt fully realised that inflation cannot be cured merely by framing a fresh set of monetary laws. The crux of the position is, of course, increased production and a drawing-off of current spending power in the shape of savings, if possible, accompanied by a drastic curtailment of expenditure, particularly in the cost of excess public and social service. All these items appear to be receiving attention, and the Central Bank of Ceylon, the formation of which I reported last year, has recently increased the ratio of reserves which the Banks must place with the Central institution, although so liquid are some of the larger banks in Ceylon that their founds with the Central Bank already exceeded the increased marginal requirements imposed. Be that as it may, the step was doubtless justified in relation to the position of some of the other banks which may have been granting credit too freely. Although in an economy so dependent upon the export of primary commodities at soaring prices, the prevention of inflation is no easy matter, it is to be hoped that some solution will be found that will enable the economy of the Island to be preserved on its present sound basis.

Between the period January to November, the Note Circulation in Ceylon has undergone considerable change, doubtless due to the advent of the Central Bank of Ceylon, which opened for business on the 27th August. The gross circulation on the one hand fell by Rs. 123.6 millions from Rs. 449.9 millions to Rs. 326.3 millions, while, on the other hand, the "active" circulation increased by Rs. 93 millions from Rs. 227.6 millions to Rs. 320.6 millions. The "active" circulation is, of course, the real measure of the note circulation, and therefore the increase of Rs. 93 millions must be regarded as a considerable indication of inflation, although not without qualification, for all prices are higher, and this increase is matched by an increase, since January, of some Rs. 64 millions in Banks' deposits, which, according to the latest figures available, now stand at Rs. 870 millions.

Like the position in Burma and Pakistan of the countries I have already reviewed, and like many other countries in the East, the permanent economic well-being of Ceylon can only be established by diversification of the country's industries and pursuits to an extent which would render the country less dependent upon factors entirely outside of its control, such as the price of primary commodities, and as this is largely the aim of the Colombo plan, and as, apart from its name, the Colombo plan aims at aiding India, Pakistan and Commonwealth countries, and the British Far Eastern Colonies, Malay, Singapore, Borneo, Sarawak and Brunei, which I shall soon be reviewing, this seems an appropriate place to interject a few remarks regarding the plan and its aims.

The Colombo Plan.—A new and notable feature of post-war development in the World has been the voluntary

assumption by economically advanced nations of responsibility for the development of technologically backward areas, or of areas which have been gravely damaged by the War. The Marshall plan, the greatest voluntary burden of this nature ever shouldered by any nation, was planned by the United States in an endeavour to assist the war-torn nations of Europe toward recovery of their economic health. The British Government in its turn has evolved similar types of plans on a smaller but still considerable scale to create and encourage productivity in British Colonies, for instance:—

(1) The Colonial Development Welfare Acts of 1940 and 1945 cover a joint enterprise with the Colony concerned to create new industries and services within the Colony;

(2) The Overseas Resources Development Act, financed by the United Kingdom to expand production in Colonial areas; and

(3) The Overseas Food Corporation and the Colonial Development Corporation, both of which aim at encouraging and supplementing private enterprise in the Colonial areas.

The Colombo plan differs from all the foregoing, however, in that it is a co-operative effort, jointly planned and jointly financed by the self-governing members of the Commonwealth in a concerted effort to assist in overcoming the poverty of Asian countries and endeavour to raise the general standards of living.

This is a notable undertaking in the history of the World, and at a conference of Commonwealth Foreign Ministers, held at Colombo, Ceylon, from January 9th to 15th, 1950, the Members agreed to contribute within the limits of their resources, Sterling credits for machinery, agricultural tools and consumer goods. A Commonwealth Consultative Committee was created to study the needs of the area and to work out co-ordinated plans. Following meetings of the Consultative Committee in Australia, it was announced that each beneficiary country would prepare by September 1st, 1950, a six-year plan to meet its development needs, and it was further laid down that a programme for technical assistance would be set up, that non-Commonwealth Nations in South and South-East Asia would be informed of the project and invited to participate, that the economic needs of the area should be kept under constant scrutiny and a programme adopted if necessary to meet changing conditions. It was further agreed that ultimately consultation should draw in other nations, including the United States especially, in view of President Truman's Point IV Programme, and of expressions of interest and sympathy by State Department spokesmen.

Between May and September six-year plans were drawn up by India, Pakistan, Ceylon, Malaya, Singapore, North Borneo and Sarawak, and when the Consultative Committee met again in London recently, delegations from Laos, Vietnam, Cambodia and Thailand attended, while Burma and Indonesia appointed their ambassadors to London as observers, although none of these nations have yet submitted plans.

A draft report was submitted and adopted, and on November 28th, 1950, it was published in a White Paper, entitled "The Colombo Plan for Co-operative Economic Development in South and South-East Asia," and presented to the Parliaments of all the participating nations.

While the programme so far outlined affects only British Commonwealth or Empire countries, the door is wide open to Burma, Indonesia, and all other countries in South and South-East Asia. The programme aims at economic expansion, coupled with direct social gains in regard to housing, health and education, and as such should prove an inspiration to all participating countries.

The Plan is a large one and is expected to cost £1,868,000,000 over the six-year period and will affect no less than 450,000,000 people. India is to receive about two-thirds of the total investment, Pakistan about one-seventh, and the remainder is to be divided about equally between Ceylon and the Malaya Borneo area. Among the varied aims is a plan to bring great new areas under cultivation and to increase the production of food grains by some 6,000,000 tons.

This is not the place to go into details of the various six-years' plans, but the emphasis everywhere is on increasing food grain production and other products of the soil by flood control and irrigation schemes and in the case of Ceylon to diversify its economy, especially in food production in order to offset the dangerous fluctuations in the prices of tea, rubber and copra, to which I have already drawn attention above.

Of the total funds required to implement the scheme it is estimated that £1,030,000,000 can be supplied by the beneficiary countries from domestic funds, of which some £246,000,000 required externally will be obtained from outstanding Sterling balances. The balance of £838,000,000 will have to come from other sources, presumably mainly from the United Kingdom, Canada, Australia and New Zealand, although it is significant that, on 24th January, 1951, the United States Secretary of State, Mr. Dean Acheson, announced that the United States would participate in a conference of the seven-nation Commonwealth Consultative Committee. He called the plan "a basis for genuine economic progress" and stated that the United States intends, so far as possible, to co-ordinate its own economic aid programme with those of the Commonwealth and of the United Nations. Since then, however, it would appear that the United States may have decided to work through their own Point IV programme.

With such backing and with the goodwill of all the participating nations, it is hoped and expected that the Colombo Plan will move from strength to strength and that through it will be solved the intractable problems of food supplies in the area of South and South-East Asia, which are of such magnitude as to produce feelings of apprehension in the hearts of all thinking people.

Malaya.—It can be categorically stated that Malaya (a term which in this report is used to cover the Federation of Malaya and the Colony of Singapore) has had the most prosperous year in her history from the point of view of trade. Nevertheless, trading conditions have not been free from difficulties and uncertainty, due to the mounting political tension in the Far East, the continuance of banditry on a wide scale in Malaya, the sharp rise in the price of tin, and the phenomenal advances and fluctuations in the price of rubber. The lack of confidence in the future is exemplified by the low prices of tin and rubber shares despite boom conditions in the industries, although in so far as prices of shares quoted in this country are concerned, the position is influenced by the penal taxation suffered by investors which, to some extent, nullifies the advantages of expected high dividends.

As one contemplates the troubled conditions which have ruled throughout almost the whole of the Far East, culminating in the outbreak of hostilities in Korea, it is perhaps not surprising that the wide-spread banditry in Malaya has shown, until recently, little sign of abatement, notwithstanding the positive measures taken by the Government following the appointment of Lt.-General Sir Harold Briggs to the special post of Director of Operations. If the bandits are not controlled indirectly by those who seek to disturb the peace of so many Eastern countries, it is evident that they gain inspiration from that source. In the result a heavy price is being paid, especially by planters and miners, to maintain a constant flow of tin and rubber which contributes so high a proportion of United States dollars to the Empire pool. To them also, Malaya owes thanks for having been able to close the year with an overall surplus in visible trade, the first since the War, of no less than Straits $1,066,-000,000 (£124,370,000) against a deficit for 1949 of some Straits $162,500,000 (£18,960,000). The actual figures for 1949 and 1950 were:—

	1949	1950
Exports	$1,677,500,000 (£195,710,000)	$3,957,000,000 (£461,650,000)
Imports	$1,840,000,000 (£214,670,000)	$2,891,000,000 (£337,280,000)
Total Trade	$3,517,500,000 (£410,410,000)	$6,848,000,000 (£798,930,000)
Deficit	$ 162,500,000 (£ 18,960,000)	
Surplus		$1,066,000,000 (£124,370,000)

Exports in 1950 to the United States of America aggregated about Straits $1,048,000,000 ($430,000,000 in 1949), producing about U.S. $425/475,000,000 (U.S. $175/200,000,000 in 1949) for the Empire dollar pool, while imports from the United States reached only Straits $89,000,000 (against Straits $113,000,000 in 1949).

These are remarkable achievements, especially when one remembers the conditions under which the planting and mining industries have worked in Malaya, and when our Authorities in the United Kingdom add up the quarterly accessions of United States Dollars, which have been a feature of our economy over the past year or so, they should spare a thought of gratitude for Malaya and for the planters and miners there whose devoted efforts have made such figures possible.

Rubber produced in Malaya during 1950 reached the highest tonnage ever recorded at 703,891 tons, compared with 679,066 tons in 1949, and it is interesting to note that, of the 1950 figures, approximately 328,000 tons came from small holdings. Total exports, including imported rubber and latex, were 1,106,483 tons, against 899,212 tons in 1949, and of the 1950 figure, the United States of America took 376,724 tons, the United Kingrom 197,777 tons, Russia 68,058 tons and France 60,540 tons. The increase in exports was in the main due to the import of a very much larger tonnage from Indonesia; but all the surrounding areas contributed and it is a notable fact that the increased price obtaining for rubber has greatly increased the importance of Singapore's entrepot trade, a natural development under the circumstances.

The excess of world production over world consumption of rubber during 1950 was greater than in 1949; but stockpiling for rearmament purposes may bring the position into equilibrium in a short space of time. The position of the synthetic product and industry looms large in the minds of those concerned with natural rubber, and while the United States Government remain committed to continued expansion of the synthetic rubber industry, only exceptional requirements for stockpiling can be expected to keep prices and production of natural rubber at present levels, and as the United States Government have already acquired considerable supplies, it will be realised that the position is vulnerable, although doubtless there are other buyers who, while unwilling to make the running and bid against the United States in world markets, would willingly take supplies at reasonable prices were such available.

On the 4th November the Government announcement regarding increased rates of export duty on rubber caused a furore. It was strongly felt that Government were singling out the industry for added taxation and were thus breaking the principle of an even distribution of the tax burden. Moreover, the industry had long suffered from unduly low prices and strongly resented the drastic nature of the taxation applied, and criticised above everything the proposed method of application and collection. However representations from all sections of the industry caused the Government to modify their proposals, and in the event the export duty effective from 1st January, 1951 ranges from 2½ cents at 50 cents a lb. to 31 cents at $2 a lb. which includes a cess for replanting and new planting, the rate to be fixed at weekly intervals based on the average daily price in Singapore during the preceding fortnight.

Turning to tin, Malaya's other main product, production in 1950 was 57,500 tons constituting a post-war record and representing an increase of about 2,600 tons over the 1949 figure. Exports, which include re-exports, amounted to some 81,800 tons and exceeded the figure for 1949 by about 27,000 tons. Shipments to the United States of about 44,590 tons were slightly in excess of the preceding year's shipments. The chief factors affecting the market were the stockpiling operations of various countries, especially the United States, and resort had to be made to stocks in this country to supplement supplies from the production areas. The Ministry of Supply disposed of about 30,000 tons from stock which was thus exhausted. It seems probable therefore that stockpiling demands are likely to have first call on production during 1951 and ordinary consumers are likely to find some difficulty in filling their needs, so that a firm market would appear to be assured for some time to come.

It is perhaps of interest to record the price changes in rubber and tin during the year which were as follows:—

	1950		
	Lowest	**Highest**	**Closing**
Spot Rubber	15d. 4.1.50	72d. 9.11.50	56d.
Cash Tin	£578 5s. 3.1.50	£1,300 7.11.50	£1,150

Iron ore production in the Federation rose from 8,390 tons in 1949 to 498,903 tons in 1950, while Malaya's only coal mine at Batu Arang, Selangor, produced 415,777 tons, some 29,000 tons above the figure for 1949.

The budgetary position, which a year ago looked difficult, has been eased very considerably by the revenue accruing from the large increases in export duties due to the higher prices of rubber and tin, and it has been stated that the special contribution of £3,000,000 by H. M. Government for use under the headings of Emergency and Defence should now prove adequate for the year. Revised estimates of revenue for 1950 are now set at $416,000,000 with expenditure at $369,000,000, giving an estimated surplus of $47,000,000, which estimates for 1951 set revenue at $474,000,000,—which includes $64,000,000 in respect of anticipated increased revenue from the new rubber export duty—and expenditure at $440,000,000. The estimated surplus of $34,000,000 should be further augmented as the result of the increase from 20% to 30% Company Tax effective in 1951. The whole budgetary position has thus improved to an extent which may render it unnecessary for the Government to float the loans which last year I anticipated would be required. Undoubtedly there is much surplus currency available in Singapore and Malaya, and much good would result to the economy of the country if the public could be induced to subscribe to a loan of considerable dimensions and the money diverted to constructive undertakings.

Inflation in Malaya tends to get out of hand, and although the Note Issue is only expanded when absolutely necessary to finance the growing requirements of Malaya's main industries (for the Banks, and expecially the principal banks, adopt a public spirited attitude in this respect), there can be no doubt that the high prices of rubber and tin and the wide dissemination of the proceeds are creating demands for consumer goods which it is impossible to satisfy adequately or wisely. As a consequence prices of consumer goods are rising and have risen to levels which can no longer be regarded as healthy, while the danger always exists that any marked fall in the prices of rubber and tin will bring heavy losses to importers, who, in attempting to satisfy estimated requirements which may prove evanescent, have to order goods months in advance and pay the current high prices.

Notes in Circulation at 1st January, 1951, amounted to $633,487,211, an increase during the year of $230,543,371, or over 57%. The steepest rise took place in the last months of the year. It was of course inevitable that a large expansion of currency would be needed to finance rubber and tin at the very high prices obtaining for these commodities, but wise handling of the position will be required if evil effects are not to ensue following any marked or sudden fall in the prices of the two commodities on which Malaya's economy so largely depends. Here again, as in the case of Ceylon and other countries in the East, only diversification of the country's industries can offer any final or adequate solution; but realising the dangers inherent in the present position, it should be possible for the Government, if only by the flotation of an attractive loan, or by encouraging savings on the part of the public, to do something to reduce the pressure of money. So rapid has been the expansion of the currency (the rise in December

alone was over $43,000,000) that some shortage of actual notes was caused, but commendably prompt action by the Currency Commissioners prevented grave inconvenience to the banks.

The Malayan War Damage Commission commenced its assessment of claims during the year and under the Federal War Damage Scheme 1950, an initial payment of not exceeding $350 was authorised to each claimant. The Board of Management of the War Risks Goods Insurance Fund have also been examining claims and some payments have already been made. Though the many advantages which would have accrued from a speedy settlement — which I have on several occasions advocated—have been lost, and though any addition to money in circulation today in Malaya can now but add to the embarrassment of the position, it is still to be hoped that the awards in respect of all claims will be paid in full during 1951.

North Borneo.—It is pleasing to record a year of considerable progress in all spheres in this Colony. The greatly enhanced price of rubber brought conditions bordering upon prosperity and in its train a marked freedom from discontent except in regard to the means of meeting the rising cost of living, for which upward adjustments in salaries and wages have had to be conceded by most employers.

The three major needs in North Borneo, namely, an increased labour force, improved communications, and materialisation of building plans, are perhaps not being fulfilled as rapidly as might be desired, but in all these matters, forward steps have been taken, though in the two last mentioned, within the limitations imposed by shortage of skilled staff and labour, delays in obtaining materials, and lack of adequate finance.

Trade figures for 1950 were very satisfactory, total trade (imports and exports) being set at $138,000,000 (£16,100,000) an increase of $66,500,000 (£7,758,333) or 93% over last year's figure. The favourable balance of trade amounted to over $45,000,000 (£5,300,000) as compared with about $2,000,000 (£233,000) in 1949. These figures speak for themselves.

The Government are bending their energies toward the completion of the Reconstruction and Development Plans, but the cost of the former is likely to be some £1½ millions more than originally estimated, and of the latter some £1 million more. This means that by the end of 1951 there will be little left of the grant of £1,600,000 made by H. M. Government. It is fully appreciated by the Colony's Government that further external help cannot be expected unless North Borneo itself takes active measures to meet its increasing expenditure. Therefore Company Tax is to be raised from 20% to 30% in 1951, the Rubber Tax increased to 10% *ad valorem* and because the Colony is not yet in a position to undertake the collection of income tax, a residents' tax is to be imposed as an interim measure to be calculated on a sliding scale on each adult resident's annual income. This added taxation should not prove unduly burdensome in a country where the level of taxation is yet modest and will act to some extent as a check on inflation, which here as elsewhere is assuming threatening proportions.

The Budget position last year improved, Ordinary Revenue being approximately $16,100,000 against $11,000,000 last year, while Ordinary Expenditure was $9,200,000 against $9,700,000 last year, Expenditure on Reconstruction and Development was $5,300,000 against $7,200,000 the year before, and there was consequently a surplus of revenue of about $1,600,000 against a deficit last year of around $6,000,000.

Steps are being taken to improve the wharf facilities at Jesselton, Sandakan and Labuan at a cost of about £850,000. Efforts to form a Customs Union between North Borneo, Sarawak and Brunei have not yet been successfully concluded, but tariffs in all three countries have been made more uniform and goods already subjected to duty in one territory will not be reassessed in either of the others.

High prices for rubber and copra have resulted in greater exports. The timber industry is also progressing satisfactorily, in part due to improved methods introduced into the industry, and shippers have been unable to meet the full demand. Exports of Cutch and firewood have been well maintained. The Colony is still a deficient area in rice, but the Government's Experimental Rice Station in the Bandau area is in full swing, so that good hopes are entertained that eventually the country may become self-sufficient in this staple item of food. All in all, therefore the year has been one of steady if quiet progress and if much still remains to be done much is being done by a Government with the best interests of the Colony at heart.

In the Bank's domestic field, representation in the Colony was increased during the year by the appointment of the North Borno Trading Co. Ltd., as our Agents at Labuan where the entrepot trade is expected to develop.

Sarawak has had a peaceful year and has received its full share of high rubber prices and of a good demand for its timber and other produce, though at the expense of the vital needs of local paddy cultivation. In these conditions the Government were able to increase their revenue by raising import duties and the export taxes on rubber and produce.

Trade figures, though not available to me at the time of writing, may be expected to be much higher than for 1949 when, according to statistics published in mid-1950, exports were valued at $187,628,000 (£21,900,000) inclusive of $74,500,000 (£8,700,000) in respect of oil, and imports were about $110,000,000 (£12,833,000) of which about $60,000,000 (£7,000,000) represented oil imports from Brunei.

In Sarawak as in North Borneo, the year has been one of quiet and steady progress.

Thailand.—In Thailand, possibly much more than in any other country of South East Asia, could the year be termed uneventful. Not that local opinion was insensitive to the major issues being contested in the world, and the outbreak of hostilities in Korea resulted, as might be expected, in a flight into commodities which caused piecegoods prices to soar and had repercussions on the Bangkok money market.

Generally speaking, however, a stable Government and the absence of serious domestic troubles enabled Thailand to take full advantage of the increased world prices of its primary products. Shipments of rubber from South Thailand and tin ore from the West Coast and Haad-yai increased both in volume and value, whilst the total exports of rice for the year, at 1,483,248 metric tons, were more than 250,000 tons in excess of 1949 shipments. These valuable exports enabled Thailand to increase its holding of foreign currencies and ensure the tical retaining without strain its value against sterling currencies and the U.S. dollar. Furthermore, it enabled a substantial reduction to be made in the country's external debt although internal borrowings, in the form of Treasury Bills, more than offset this.

The Japan/Siam Trade Agreement worked for the most part against Thailand and import permits for Japanese goods were restricted for corrective purposes.

The prosperity that has come to the country shows no signs of abating under present conditions. The prospects for next season's rice crop are good and, if officialdom restrains rather than increases its activities in the commerical world, Thailand should move forward to even greater financial and economic stability.

Republic of Indonesia.—The young Republic of Indonesia entered the year 1950 in a state of internal inflation and with an external deficiency but with the hope that those intangible factors, independence and self-government, would effect that increase in production of primary products necessary for the economic survival of the then Federation.

That hope for more exportable goods and for increased crops to reduce food imports might have been fully justified had it not been for the deliberately obstructive tactics employed by labour, but in spite of a number of costly and unwarranted strikes, a remarkable change for the better took place in the Republic's financial and economic position during the year.

The financial recovery started with the introduction in March of two measures—a forced loan which converted roughly half the money in circulation into a long term State loan and the other a complicated form of devaluation designed to promote exports at the expense of imports. The nett result of the second measure is that the value of the rupiah has been reduced either to one half or to one third of its former value according to one's interests.

We shall never know how effective these measures would in themselves have been, for their introduction coincided with an upward trend in world prices, particularly of rubber, which, accentuating the value of Indonesia's increased exports, turned a foreign exchange deficit into a substantial credit balance. The pity is that the machinations of labour, to which I have already referred, which included burnings, lootings and communist-tinged strikes in ports and other communication centres, as well as on estates, prevented the Republic from taking full advantage of the unique opportunity given for the consolidation of its external trade position and incidentally the improvement of the living standard of its people. Disappointing too was the continued banditry which left whole districts without law and order and prevented rubber and coffee estates and tea gardens returning to production.

The efforts of the young and untrained Ministers of what, in September, became the Unitary Republic of Indonesia, have, for the most part, been commendable, but internal expenditure is outrunning revenue, although taxation is higher than perhaps, anywhere else among Far Eastern countries, and while the external foreign exchange position has recently become favourable, there is, doubtless due in some degree to the discrimination against imports already noted in respect to exchange fates, a dearth of consumer and reconstruction goods, which is augmenting the inflationary tendencies fostered by prodigal internal spending. These matters require attention, but the overriding task of the Government is to establish sound relations with labour, for on its future relations with labour the fate of the Government will depend. Unless the Home Minister and the holder of the Labour portfolio are prepared to take a firm but just line and unless the Cabinet is prepared to give them wholehearted backing no genuine progress can be made and reversion to almost complete anarchy may result. All friends of Indonesia in this country wish the Government success in its difficult task and hope that good and fair administration will prevail.

The review would, I think, not be complete without reference to the benefit Indonesia has derived during the year from an E.C.A. loan of U.S.$ 40,000,000 and quite recently the Export Import Bank have agreed to release over U.S.$50,000,000 to assist the development and reconstruction programme.

Irian continues to be an insurmountable issue between the Netherlands and the Indonesia Governments. The Cabinet in the Hague has resigned over this vexed question and the President of Indonesia has found it difficult to explain to his peoples the continued *de facto* possession of the territory by the Dutch in view of earlier promises.

The Chartered Bank has given fully in effort and all the resources of its organisation to help promote the trade of Java, Sumatra and the Outer Islands, and I am pleased to say that our relations with officials and the business community are on a sound and friendly basis.

Indochina.—The military position in Indo-China deteriorated considerably during the greater part of 1950, and toward the end of the year following victories over isolated forts in the North by the Vietminh insurgents, the outlook appeared bleak with a Chinese army apparently available for action if called in by the rebel leader Ho Chi-minh. Recent developments in Korea have tended to minimise this risk while following the advent of General de Lattre de Tassigny, the military outlook has improved.

Although somewhat short of up-to-date figures relating to Indo-China, it is not difficult to draw fairly accurate conclusions from those which are available. The course of trade has followed its customary pattern, or rather the pattern which has become customary during the past few years. Rice exports, already insignificant, compared with pre-war days, have been placed under an interdict since August, while the export of other commodities such as maize, rubber, coal, and cement have been at a level much below that required to maintain a normal economy. During the first half of the year 1950, imports reached a total value of Piastres 1,726,500,000 (at 20.5—U.S.$84,253,000) while exports amounted to no more than Piastres 614,900,000 (U.S.$30,007,120) and while the increased price of rubber would enhance the value of that item in the second half of the year, this would be off-set by the cessation of rice exports from August onwards, and therefore it can be fairly accurately surmised that the total adverse balance of trade for the year would exceed the equivalent of U.S.$100,000,000. Indeed were it not for France's military contribution — estimated at £600,000,000 since the outbreak of the Vietminh rebellion—the country would be in a difficult financial position, and it is this item alone which maintains the external balance of payments of the country.

When the urgent needs of the countries of south and south-east Asia for rice are remembered and on which I have had to comment frequently in these reviews, it is sad in the extreme to realise that here in Indo-China is a granary, second only to Burma at its best, going to waste, and it is therefore sincerely to be hoped that the forces of law and order will soon gain the ascendancy.

The Philippine Republic.—I think that those of you who noted my remarks last year on the Philippines will not have been unprepared for the conclusions of the Economic Survey Mission appointed by President Truman to study the economic and financial problems of the Philippine Republic. The Mission's report, known as the Bell Report, stresses the prevading unbalance between production and needs in the Philippines and states that the measures that could halt the deterioration have not been put into effect.

Various contributing causes are cited for the present critical situation and amongst recommendations made for remedying the position are increased taxation on high incomes, a two-year emergency tax of 25% on imports and the granting of a "strictly conditioned" loan of U.S.$250,000,000 by the United States of America.

As the situation now exposed has been known to many officials in the Philippine Government for some time it is interesting to see the result of effort made during 1950 to combat in particular the financial crisis which successive large budgetary deficits and excessive creation of credit made inevitable.

By strict control imports were reduced to nearly 50% of the 1949 figures. As the many restrictions fell mainly on luxury and non-essential goods this was a decided step in the right direction. At the same time a strict exchange control, administered with integrity by the Central Bank, ensured that the proceeds of exports accrued to the Republic. Fortunately the year under review saw substantial increases in the exportable crops of sugar, hemp and copra whilst the unsettled international situation was responsible for a rise in the world market prices of these primary products of the Philippines.

So serious, however, was the adverse balance of payments created by the excessive imports and large non-trade

payments of 1948 and 1949, aggravated by the tapering off of United States disbursements, that the advantageous swing in trade figures during 1950 did little to restore confidence in the peso.

Officials have many times reiterated the Government's determination not to devalue and this policy receives support from the deflationary recommendations of the Bell Report, but the bill now before Congress to impose a tax of 20% on remittances during 1951 and 15% during 1952 is the first of a break in the external value of the unit of currency.

That this tax is to be imposed as an alternative to a tax on imports, is doubtless due to the fact an import tax would be ineffective as, under the Treaty with the United States, the Philippines are not allowed to tax imports from that quarter, and as everyone is aware, most of the imports derive from the United States of America. The tax on remittances, however, will fall mainly on foreign interests, and therefore is likely to discourage the entry of foreign capital into the Philippines, and in any case it is doubtful whether a tax of such limited scope can be effective.

There is no doubt that the Philippines have reached their economic cross-roads and, unless the Government and the people are prepared by sacrifices all round to take the hard way that leads to increased output and fair wages and to eschew many luxuries, recovery will be long delayed and an intervening period of serious inflation, political trouble and danger to law and order may ensue.

An interesting aspect of the trade of the Philippines during 1950 was a trend, although slight, from United States to European markets.

Hongkong.—According to figures published by the Department of Commerce and Industry, total overseas trade handled by Hongkong in 1950 was valued at £472 millions as against £336 millions in 1949. Of these figures, trade with China represented about 30% in 1950 and 24% in 1949. But while exports to China in 1949 were roughly equal to imports from that country, in 1950 exports to China exceeded imports by some £37 millions. The Peoples Government banks in Hongkong made large purchases of sterling during the year, while in Singapore they were good sellers on London, indicating that purchases of rubber and possibly tin for China were partly financed through Hongkong and taking into account China's adverse balance of trade with Hongkong in 1950 as noted above, presumably from accumulated funds. Malaya on the other hand, has been selling sterling in Hongkong to cover family remittances to China; but also, it is reported, to purchase gold, which is of course, illicit business.

The desire of the Singapore and Hongkong Governments to conserve their entrepot trade it to be commended. The published figures of Hongkong's trade with China — namely: 30% of the total as mentioned above—may well be greater as even the casual observer would probably place the figure much higher, and this may partly explain the discrepancy between exports and imports of £37 millions already noted, which otherwise seems an unduly high figure. But in the absence of actual figures these can be only surmises.

The delicate position in which Hongkong finds itself, and which I mentioned last year, has not been changed in any sense by the events in the North over the past year and it behoves us all to walk warily in these uncertain days.

China.—Last year I decided to confine my remarks on China to a few statements setting out our aims and modest hopes. These modest hopes have not been realised, for the business we have been able to transact in China can best be described as nominal. In Shanghai in particular we have a staff of Chinese personnel considerably in excess of our present requirements; but we are powerless to reduce the number of our clerks. Our costs, and therefore, our losses, for we have little earning power, have, however, been reduced to a minimum. Our liabilities in China are limited to our responsibility for the well-being of our staffs, both European and Chinese. Our assets consist of modest advances generally made against collateral outside of China, and, of course, our office Buildings and Houses.

Various methods have been used by the Peoples Government to revive external trade. The latest schemes amount to pure barter, imports into China having to arrive before the corresponding exports, completing the deal, are allowed to be shipped. This development followed the freezing of funds in the United States belonging to Chinese residents and may have its origin in the fear that other nations will adopt the same policy.

As we have already seen, when considering the position in Hongkong, China's external trade through Hongkong increased in 1950 in spite of all surrounding difficulties. Direct trade too with the United Kingdom revived somewhat from the lows of 1949, in that imports from China to the United Kingdom amounted to £6,911,195 in 1950 as against only £3,197,407 in the previous year, while exports to China from the United Kingdom were £3,536,248 against £2,146,456, in 1949. The figures for 1950 are, however, considerably less both for imports and exports than 1948 and this was probably to be expected.

Apart from foreign trade, undoubted progress had been made by the Peoples Government in stabilising the currency, and in improving communications within the country while, still more important, it would appear that the supplies of foodgrains produced have been increased to an extent which in a normally productive year, should suffice for the needs of the country without the aid of imports from outside.

These are solid achievements and might augur well for the future if the Peoples Government decided to confine their activities to internal affairs, which we have read it is their dearest wish to improve.

May it so come to pass.

Japan.—Last year I reported various steps which were taken in Japan during 1949 which had the effect of placing the Japanese economy and facilities for importing and exporting on a more normal basis. During the year under review further similar steps have been taken and recently the Supreme Commander Allied Powers (SCAP), whilst still retaining responsibility, has handed over the management of overseas trade to the various Japanese official organisations in anticipation of the signing of a Peace Treaty.

It, of course, remains to be seen to what extent the outside world will consider Japan as credit-worthy when the country stands on its own. This is important, because at the moment, to finance the necessary importation of food and raw materials, the foreign banks operating in Japan are called upon to grant large lines of credit facilities on the responsibility of SCAP, owing to the impossibility of balancing sterling imports with sterling exports day by day, expecially in the early part of each year.

This situation is likely to continue, and until Japan can build up an adequate foreign currency reserve, in dollars and sterling, foreign assistance will be required. Given that American aid is soon to be considerably reduced, it will be appreciated that Japan has an enormous task ahead. The fact that in the latter part of 1950 overseas trade turned in favour of Japan gives room for a certain optimism; but as the improvement was largely due to the outbreak of fighting in Korea as a consequence of which the United States Government made large purchases of war materials in Japan and used the Japanese coastal fleet to ease the transport situation, it is necessary to temper this optimism with realism.

The figures relating to external trade, expressed in terms of U.S. Dollars in 1948, 1949 and 1950 were:—

Year	Exports millions	Imports millions	U.S. Gov. Aid millions
1948	$ 258	$222	$461
1949	$ 509	$370	$534
1950	$1,008	$677	$400

while the details of the figures for 1950 were:—

1950	Exports millions	Imports millions	Balance of Trade millions
Visible Trade	$ 773	$645	+$128
Invisible Trade .	$ 235	$ 32	+$203
	$1,008	$677	+$331

and it may be of interest to quote the direction of the trade in 1950 which was approximately:—

1950	United States millions	Open Accounts millions	Sterling Area millions	Total millions
Exports	$364	$183	$226	$773
Imports	$284	$160	$201	$645
Plus or Minus	+$80	+$23	+$25	+$128

As already stated the enormous increase in receipts for 1950, was accounted for largely by the Special Procurement demands for the Korean campaign; even so, from a study of the above figures it will be clear that had Japan paid for imports provided with U.S. Government aid, the overall trade balance for 1950 would have been adverse by some $69 millions, not a formidable sum in itself, but in the circumstances outlined enough to reveal the immensity of the task which lies before the Japanese Government before the country can become self-supporting from current trade. Be that as it may, through the bounty of United States aid and as a result of their own steady efforts, Japan has amassed considerable reserves of foreign currency which, while yet far from adequate for all purposes, will probably prove of considerable help in securing for them the credit facilities required especially during the importing season. It will be realised that as Japan exports mostly manufactured goods it is essential for her first to secure and pay for the requisite raw materials.

The sterling area Trade Agreement for the period 1st July, 1950/30th June, 1951, was signed late in November envisaging a balanced trade of £185 millions (as against £110 millions for the previous year), and our four offices in Japan have been fully extended in coping with such part of the finance of this trade as is directed through this Bank.

Before closing this report on the position as we find it in Japan I quote the comparative figures of the Note Issue as at:—

31st December, 1948	Yen 368,000 millions
31st December, 1949	Yen 355,000 millions
31st December, 1950	Yen 422,000 millions

In spite of the increase which took place in 1950, money in Japan is in short supply. The Bank of Japan charge 6.935% per annum for internal (domestic) finance and 5.84% per annum for foreign trade finance (to banks) whilst Japanese banks charge anything up to 12% per annum to merchants. Practically all foreign trade transactions have to be financed by promissory notes discounted by Japanese banks with the Bank of Japan, owing to the absence of resources held by Japanese traders and it is not difficult to visualise the loss of competitive power in world markets imposed by such stringent monetary conditions. A new Government sponsored bank with a capital equivalent to £15 millions, and called the Japan Export Bank has recently been founded to grant long-term loans to exporters and the need for a similar institution to assist importers may soon become apparent if it is not so already.

Britain & the Far East

In closing this review I cannot do better than continue my practice of devoting my last remarks to Great Britain in relation to the countries this bank serves through its wide chain of branches. As was the case last year, in practically all these countries inflation is still present in serious degree and, if exports from the United Kingdom are to be hindered through strikes and lockouts at the docks and on the railways as well as through inability to meet all demand, due only in part to concentration upon defence preparations, then a splendid opportunity will be lost, of improving not only the positions in would-be importing countries but also the United Kingdom balance of trade position on which so much depends. But it is not only the trade position in the countries of the East which would be improved by providing the goods they want. On the contrary it must be realised that behind the trade position in these countries are the great mass of the people who, perhaps for the first time within recent memory, are producing with their labour, products greatly sought after by the nations of the West, and for which the nations of the West are willing to pay high prices in terms of currency.

It was well realised immediately after the war when the return to Eastern lands became possible, that the returning merchant must have available large supplies of goods if he desired to secure the products of the East. The position today is not so very different and in some of the more backward lands it has changed very little. It is therefore to be hoped that production in the United Kingdom will continue to rise in spite of the interference of defence preparations for in the conditions which I have reported in many of the countries of the Far East, it is essential that we keep the goodwill of the people and this can only be done by maintaining a stable value for money and providing the goods they require and, for which, for the first time in their lives, perhaps, they can pay.

Last year I thought that greater assistance would be required from the West if some of the countries in the Far East were to be saved from disintegration. Since then this has been realised, not alone by that great and generous nation the United States of America, but by all the Commonwealth Nations who in the Colombo Plan to which I have devoted some attention above, have taken an enlightened co-operative step toward self-help which is unique in the history of nations. All in all, therefore, in spite of the serious developments in the Far East and the parlous position in several of the countries in which this Bank operates, progress has not been lacking, and as for the working of the Bank, my belief last year that in spite of uncertainties on every hand, the Bank would continue to play a notable part in the furtherance of trade in the areas it serves, has been fulfilled. In common with the great shipping and insurance interests, but more intimately than either of these, banks such as the Chartered Bank operate as a link between the countries of the Eastern world and the United Kingdom, and while performing this invaluable function, assist to increase the earning power of every trading institution in the United Kingdom dealing with Eastern countries, and at the same time augment by its own earnings the invisible earning power of the Nation, besides bearing perhaps more than a full share of taxation burdens both at home and abroad.

THE CHARTERED BANK OF IN

BALANCE SHEET, 31st

	£	£	1949 £
Capital—			
Stock authorised and issued	3,000,000		3,000,000
(There is under the Charter a reserve liability of the Stockholders equal to the amount of Stock issued).			
Reserve Fund	4,000,000		3,000,000
Profit and Loss Account	365,836		409,029
		7,365,836	6,409,029
Current and other Accounts, including Reserves for Contingencies, Taxation on profits to date, and Exchange Adjustments	150,204,804		116,383,980
Fixed Deposits	16,038,240		13,095,207
Notes in Circulation against Security per contra	3,000,527		3,011,770
Bills Payable	1,863,904		898,808
Loans Payable	1,234,902		200,000
Deposits by Nominee Subsidiaries	381		381
Deposit by Trustee Subsidiary	4,544		1,800
Proposed Final Dividend, less Income Tax	132,000		99,000
Acceptances, including undertakings to accept, on account of Customers	13,757,502		11,420,469
		186,236,804	145,111,415
		£193,602,640	£151,520,444

Notes:—

(1) There are contingent liabilities on Bills re-discounted £14,129,629 (1949, £5,003,853) (of which £11,257,359 has run off at 5th March, 1951) and commitments in respect of Confirmed Credits, Guarantees and Forward Exchange Contracts.

(2) Contracts for outstanding capital expenditure on premises amount to approximately £151,000 (1949, £323,000).

(3) Assets and Liabilities in foreign currencies have been converted into sterling at approximately the rates of exchange ruling on 31st December, 1950.

(4) Under Part III of the Eighth Schedule to the Companies Act, 1948, the Bank is exempted from showing the aggregate amount of its reserves and the movements therein.

W. R. COCKBURN, *Chief General Manager.*
H. F. MORFORD, *Deputy Chief General Manager.*
W. H. CARRICK, *Chief Accountant.*

PROFIT AND LOSS ACCOUNT FOR T

	£	£	1949 £
Allocations—			
Amount written off Bank Premises	200,000		200,000
Officers' Pension Fund	125,000		100,000
Widows' and Orphans' Fund	20,000		15,000
Contingencies Account	100,000		—
		445,000	315,000
Dividends Paid and Proposed, less income tax—			
Interim 6% paid 29th September, 1950	99,000		99,000
Final 8% proposed	132,000		99,000
14%		231,000	198,000
Balance Proposed to be Carried Forward		365,836	409,029
		£1,041,836	£922,029

DIA, AUSTRALIA AND CHINA.

DECEMBER, 1950.

	£	£	1949 £
Current Assets—			
Cash in Hand, at Call and at Bankers		31,430,977	25,994,576
Government and other Securities at Market Value—			
Quoted on London Stock Exchange	44,964,185		38,939,710
Quoted on Overseas Stock Exchanges	7,779,959		7,892,403
Dominion Government and other Securities at Local quotations ..	3,122,550		2,863,512
		55,866,694	49,695,625
Hongkong Government Certificates of Indebtedness for surrendered coin lodged against Note Issue	1,179,278		1,323,028
British Government Securities at Market Value (Quoted on London Stock Exchange) lodged against Note Issue	1,767,500		1,776,250
		2,946,778	3,099,278
Bills of Exchange, including United Kingdom and Foreign Treasury Bills		14,244,427	4,016,186
Advances to Customers and Other Accounts		67,157,831	52,853,469
Balance of Remittances, Drafts, etc., in Transit between Head Office, Branches and Agencies		5,569,513	1,832,013
Liability of Customers for Acceptances, including undertakings to accept, per contra		13,757,502	11,420,469
		190,973,722	148,911,607
Fixed Assets—			
Susidiaries—Shareholdings at cost—			
Allahabad Bank Limited—37,648 Ordinary Shares of Rs. 100 each of which 14,665 are fully paid and 22,983 are paid up to the extent of Rs. 50 per share	747,705		747,705
The Chartered Bank (Malaya) Trustee Limited— 30,000 Shares of Straits $10 each, $5 paid	17,500		17,500
Nominee Companies	381		381
The net assets of the Nominee Companies amount to £381, represented by deposits with the Bank, per contra			
	765,586		765,586
Bank Premises and Furniture, at cost less amounts written off ..	1,842,707		1,822,626
Trade Investment, representing Property (at cost)	20,625		20,625
		2,628,918	2,608,837
		£193,602,640	£151,520,444

V. A. GRANTHAM, *Chairman.*
J. L. MILNE, *Deputy Chairman.*
J. TAIT, *Director.*

HE YEAR ENDED 31st DECEMBER, 1950.

	£	1949 £
Balance Brought Forward from 31st December, 1949	409,029	406,437
Profit, after providing for Taxation and after making allocation to Contingency Accounts, out of which Accounts full provision has been made for any diminution in value of assets	632,807	515,592
	£1,041,836	£922,029

Notes:—
(1) The aggregate emoluments received by the Directors for their services amounted to £16,250 (1949, £15,437).

(2) The nominee subsidiaries do not trade and their accounts show neither profit nor loss.

THE FAR EASTERN FISHERIES OF THE USSR

The great expanses of water surrounding the U.S.S.R., her innumerable rivers, and thousands of lakes, including such giants as the Caspian and Aral Seas, place her fishery resources among the richest in the world and make the Soviet Union one of the biggest producers of fish and fishery products. Her position among the leading fishing countries has been further advanced after World War II, when she took over the control of some eastern waters where the Japanese were supreme for a great number of years.

Soviet fish catch in the prewar years (1934-38 inclusive), and again in the postwar period beginning with 1947, averaged over 1,500,000 metric tons a year. However, although the U.S.S.R. exports a few choice products such as caviar, sturgeon, crab meat, and salmon, the bulk of the catch is used domestically. She also imports a certain amount of common-grade fish, particularly herring. Soviet fisheries present an additional interest as an example of an industry common to many countries, but operating in the U.S.S.R. under the system of a "planned economy," originated in that country.

Total Fish and Sea Animal Catch in the U.S.S.R. 1913-50 (Plan)

Year	Volume	Year	Volume
1913	1,018.0	1938	1,560.0
1929	956.4	1939	1,490.0
1930	1,282.7	1940	1,400.0
1931	1,441.4	1945	1,090.0
1932	1,335.4	1946	1,200.0
1933	1,303.0	1947	1,530.0
1934	1,547.0	1948	1,560.0
1935	1,550.0	1949 (Plan)	1,960.0
1936	1,620.1	1950 (Plan)	2,200.0
1937	1,608.9		

Under the system of centralized state planning and state ownership prevailing in the U.S.S.R., all phases of fishing, processing, and storage of fish products, and all stages of distribution are fully controlled by the state. The state owns not only the land, the waters, and the natural resources, but also the fishing fleet; it owns and operates canneries, refrigeration and storage plants, and other installations used by the industry. The state assigns production quotas to the fishing kolkhozes (collectivized enterprises) and itself directly operates the fishing sovkhozes (state enterprises). Fishing vessels and equipment are made available to the fishing kolkhozes on a contract basis through state-operated Motor Fishing Stations (Motorno-Rybolovnye Stantsii, abbreviated to MRS). These stations operate on the same principle as the Machine Tractor Stations (MTS) in agriculture. Fishing kolkhozes, which at the beginning of 1949 numbered over 2,000 and counted about 100,000 members, account for over 50 percent of the total Soviet fish landings.

The Russians like fish and have always readily substituted fish for meat, a food in short supply in many parts of the country. Fish, specially prepared, is also served as a delicacy, and no festive meal is complete without "seledka" (herring), which goes so well with vodka (the Russian's most popular alcoholic beverage); and, of course, no official banquet is up to par without black caviar. With fish food habits traditionally established, fishing has always been practiced in Russia, although commercial fishing on a large scale was limited to a few regions and species.

The history of the exploitation of fishery resources in Russia has been closely connected with the economic development of the country. Historically, the bulk of the population was concentrated in the central, western, and southern portions of European Russia; therefore fishing was concentrated in the same areas and, by the same token, the rivers of these areas and the Baltic, Black, Azov, and Caspian Seas represent the oldest fishing grounds of the Soviet Union.

As long as fishing was more or less a local occupation, and while local consumption was the rule, there was no large-scale fishing or fish-processing industry. The professional fisherman operated with primitive equipment and sold his catch on a local market or to the few canneries which eventually began to make their appearance.

Gradual economic development and industrialization of the country since the turn of the century brought about an improvement in the transportation system (which is still inadequate), a migratory movement of population (greatly increased by this time) from the old centres of concentration, and the development of new industrial centres, the population of which was relatively more dependent on the outside food supply. When the Soviet Government began to expand its foreign trade during the late 1920's for the purpose of importing larger amounts of equipment from abroad, it increased the export of fishery products. Caviar and sturgeon were sold for dollars or other "valuta" (foreign exchange) necessary to buy foreign machinery, vital to the fulfillment of industrialization programs envisaged by the Five Year Plans.

Soviet Far East Fisheries

The extensive fishery resources of the Soviet far east have been opened up on an industrial basis as a result of Russia's steady drive to the east which began at the end of the last century. Soviet territorial gains in this area after World War II promise to turn the Pacific coast of the U.S.S.R. into the most important fishing ground of that country.

Along its western fringe the Pacific Ocean forms three seas touching the Soviet coast line—the Bering, and Seas of Okhotsk, and Japan.

The Bering Sea.—While only the Bering Strait separates the Bering Sea from the Sea of Chuckchee, its narrowness prevents any large flow of water through it and minimizes the influence of the colder Chuckchee Sea over the Bering.

In contrast with the Soviet Arctic Seas, the Bering is comparatively deep. A steep ridge with depths of 656 to 6,560 feet divides it into almost equal halves: the shallower northern and northeastern part with depths under 656 feet, and the southern and southwestern part where the bottom drops to 6,560-13,120 feet.

The high latitude of the Bering Sea and the proximity of the continents with their cold masses of land make the climate of this area very cold and moist, with frequent dense fogs. Ice floes cover the northeastern part for several winter months, but in summer the entire sea is ice-free.

The unevenness of the sea bottom and the numerous currents, both of which cause differences of temperature and density of the water, are responsible for the richness and variety of fish, animal, and plant life. Arctic species inhabiting the north give place to more temperate water varieties in the south. Of some 280 species of fish found in the Bering Sea, most are cold-water inhabitants. About 22 percent of the fish population belong to the Cottidae group. The salmon group is represented by keta (chum or dog salmon), gorbusha (humpback or pink), nerka (blueback, red, or sockey), and kizhuch (silver or coho). Cod, saika (Boreogadus saida) and navaga (Wachna cod) are very plentiful. In addition to fish, the waters of the Bering Sea are rich in shellfish, including the giant Kamchatka (king) crab and crayfish, starfish, trepang, marine worms, sponges, and seaweeds of all kinds. Whales (Balaena mysticetus and B. Japonica), white whale, dolphins (killer whale, Orca gladiator), walruses, seals (particularly the sea lion), fur seal, and sea otter represent the sea-animal kingdom. The last two are now found in limited numbers only around the Pribilof Islands (U.S. possession), near the Medny Island, and rarely off the coast of Kamchatka.

The Sea of Okhotsk.—Since the U.S.S.R. regained control over the Southern Sakhalin and the Kuril Islands after World War II, the Sea of Okhotsk became almost an exclusive domain of the Soviet fishing industry.

The Sea of Okhotsk is famous for its summer fogs, which often last several weeks at a time. Winters are severe. Ice begins to form in November and starts to melt in May. Most of the northern bays are frozen solid part of the winter, and floating ice covers the greater portion of the open sea, clearing only by about mid-June. The temperature of the water remains low even in summer. Characteristic of the Sea of Okhotsk are individual

elongated spots of extremely cold water located in its northern part and the rising of colder water from lower levels to the surface. These phenomena explain the origin of the prevailing summer fogs. The salinity of water is comparatively low, particularly near the continent, but increases toward the east. The bottom slopes down to the Kuril Islands, where the water reaches the greatest depth, 11,069 feet, and rises to the north to around 660 feet, remaining at 230-295 feet near the shores.

The most abundant fish in the Sea of Okhotsk are salmon (humpback, keta, coho, and others), which concentrate in river estuaries for spawning, mainly along the Kamchatka Coast. In addition, herring, cod, navaga, rosefish, recently sardine (ivasi, Sardinops melanostictus), and a multitude of other fish and crabs make fishing a lucrative occupation, particularly near the western coast of Kamchatka. Hunting for seals and whales supplements fishing. The Russians maintain here a large fishing fleet which includes a number of modern vessels with the latest equipment for navigation and fishing and operate a number of canneries.

The Sea of Japan.—The Sea of Japan lies in a deep depression, and about half of its area is more than 6,560 feet. The bottom drops to a maximum depth of 12,884 feet in the east. The straits connecting the Sea of Japan with the Pacific Ocean and other seas are, on the contrary, shallow. These great depths and the presence of currents—the warm Tsushima current going north along the coast of Japan and the current coming down from the north along the Asiatic Coast—are responsible to a great extent for a very pronounced difference of temperature in this sea's eastern and western portions. While the temperature of the surface layer of water near the strait of Tsushima varies between 79° and 57° F., the range is from 72° to 34.5° F. in the Strait of La Perouse and 63° to 28° F. in the Tartary Strait. Ice floes cover the northern tip of the sea in winter, and a narrow strip of water along the northern part of the Asiatic coast as well as some northern bays and river estuaries freeze solid. Dense summer fogs along the continental coast (21-22 foggy days in July along the 40th parallel) and frequent typhoons often render navigation difficult.

Fish population in the northern and western parts of this sea is similar to that of the Bering and Okhotsk Seas and include keta and humpback salmon. Crabs (king), shrimp, and trepang are plentiful. Subtropical species inhabit the warmer waters of the south and southwest. Large fields of seaweeds provide raw material for various products such as iodine, gelatine, and agar-agar.

Special problems of the Primorye (Maritime Territory) Fisheries.—In the last four decades the far eastern seas have undergone climatic changes which affected considerably the fisheries of the Soviet Pacific waters, particularly in the Primorye.

About 1908-10 the temperature of the water in the far eastern seas began to rise. This warming-up process seemed to have been particularly intensive in the years between 1928 and 1938. The change of water temperature brought very soon a change in the marine life of these seas. Fish species which were found only in the subtropical areas of the south began to make their appearance further north. Thus in the period 1928-39 such warm-water fishes as the saury (saira, Cololabis saira), a warm-water mackerel (Pneumatophorus japonicus), the Brama japonica, and the Japanese anchovy (Engraulis japonicus) made their appearance as far north as Kamchatka. Other fishes like balloon fish (Diodon holocantus), ocean sunfish (Mola mola), hammerhead shark (Sphyrna zugaena) and a warm-water herring, Ilisha elongata, also a tropical turtle, Dermochelys coriacea, appeared off the southern coast of the Maritime Territory. But the most important of all was the sardine, ivasi (Sardinops melanostictus), the presence of which in Russian waters (in the Bay of Peter the Great) was registered for the first time in 1913. By 1933-34 it penetrated as far as the Amur estuary and Kamchatka. The expansion of the Maritime Territory fisheries, begun in 1929, was based principally on fishing and processing of the sardine which, until 1941, accounted there for 87 percent of the total catch. In prewar years annual landings of this fish were over 100,000 metric tons. Then, in 1938 or perhaps even earlier, the reverse process began taking place. The northern boundary of the sardine started to move southward. In 1940 it did not go above Cape Shantsa; by 1942 the sardine all but disappeared. That year's catch was only 200 metric tons. This was accompanied by delays in the opening of the fishing season, as for example near Cape Rynda, where it moved from the first part of July in 1939 to the last day of August in 1941. No sardine have appeared in Soviet waters since 1942. Other warm-water fishes followed the same pattern, i.e., moved further south or completely disappeared from Soviet waters. On the other hand, some colder-water fishes such as herring, the resources of which showed earlier a sharp drop, became again more plentiful.

The disappearance of the sardine and other species was explained by a steady drop of the temperature of the water registered as late as 1944.

There are no indications as to what further changes may be expected in the future. In the meantime, the sizable Soviet sardine fleet and processing facilities, created during the years when the sardine was the main object of Maritime Territory's fisheries, had to be diverted to other uses.

The blow dealt by the disappearance of the sardine to the fishing industry of the Primorye brought a sharp decline in the catch of that area, and although total landings showed considerable improvement in 1947 and 1948, the Primorye fishermen did not hope to reach the prewar level until 1950.

The increase in the catch was achieved by a drastic reorientation and reorganization of fishing activities, including the search for new species and new fishing areas, particularly for open-sea fishing, and the re-equipment of the fishing fleet with different fishing gear.

Some relief was brought by the expansion of whaling operations. New killer boats were added to the Pacific whaling flotilla "Aleut," and some former Japanese whaling bases on the Kuril Islands were restored. The exploitation of crab fisheries of the Sea of Okhotsk, interrupted during the war, was resumed and expanded. Larger takes of crabs per crab-catcher in the far eastern waters were credited to greater use of trawling for crabs, introduced in 1932 and becoming more and more popular, although trawling season for crabs lasts only from mid-May to the end of June. In 1948, 17.07 percent of the catch was obtained by trawls, and an average seasonal take per crab-catcher was 28,640 crabs.

The fishing season was extended to the maximum. The seiners of the Primorye fleet operate now for 10-11 months of the year, longer than in any other basin in the Soviet Union. This permitted a few of the best seiners to land as much as 1,210-1,369 metric tons of fish in 1948 and pledge 1,500-2,000 metric ton catches for 1949. Mackerel, mintai (Alaska pollock), and flounder seem at present to be the most promising of the new fisheries. The 1,369 metric tons of fish landed in 1948 by one of the best seiners of the area included 440 metric tons of mackerel caught by purse seine and 469 tons of mintai and 460 tons of flounder and other fish taken by snurrevoode. Tuna may be added in the future. The desirability of developing this fishery in the Soviet waters of the far east has been repeatedly brought up in the post war years in the publication Rybnoye Khozyaistvo, but even experimental fishing for tuna in Primorye had not been undertaken until 1949 (Pravda, July 30, 1949). In the last few years purse seine and snurrevoode have become the most popular equipment for open-sea fishing in Primorye, purse seine for pelagic fish, such as mackerel and herring, snurrevoode for groundfishes (flounder, Alaska pollock, terpug (greenlings), goby, cod, navaga). They are used on seiners of 60-150 h.p., as well as on smaller vessels of 30-50 h.p.

The year's fishing cycle follows approximately the following sequence: In late February-early March begins the snurrevoode fishing for flounder, terpug, cod, goby, and other groundfishes. In the northern part of the Primorye and off the Island of Sakhalin, other seiners, using purse seines, fish for spring her-

ring. In the summer, when mackerel appears in the south, part of the fleet switches to purse seine fishing for mackerel (June-August) and sometimes for terpug which can be taken by purse seine during these months, while a group of snurrevoode-equipped seiners continue fishing for flounder in the Tartary Strait. Fishing for groundfishes is resumed in August and lasts till about the middle of October. Pollock is the main object of the seiner fleet operating in the southwestern part of the Sea of Japan from mid-October to mid-January. From the middle of January to the end of February most of the fleet is docked for overhauling, although some vessels continue to catch groundfishes and crabs even in these months.

Rivers.—The principal river of the Soviet far east is the Amur, flowing roughly from west to east and serving over a long stretch of its course as the frontier between the U.S.S.R. and Manchuria. A short distance above Khabarovsk it leaves the frontier, which turns sharply downward, and flows northwestward, emptying into the Tartary Strait. The Amur and its numerous tributaries form a network of waterways supplementing the limited transportation facilities provided by the railroad lines of this area. Here, too, navigation is interrupted by a prolonged freezing period of all the rivers making up the basin.

From the point of view of fish population, the Amur is a curious combination of several groups numbering some 72 species: the Arctic, the Sino-Indian, the Mediterranean, and a group peculiar to the Amur itself. Of the fish common to most of the Siberian rivers, those inhabiting the Amur are lamprey, trout (taimen, Hucho taimen, lenok, Brachymystax lenok), grayling, and others. The Sino-Indian group is represented by some carp and catfish varieties and the tropical Ophicephalus. Gorchak (Rhodeus), groundling (Misgurnus fossilis), and some carp found in the Amur River are identical or first cousins to Mediterranean species. Peculiar to the Amur are the two sturgeons — the Amur sturgeon (Acipenser schrenki) and the kaluga (Huso dauricus). Commercially important is the salmon group—keta, humpback and coho salmon, and chinook or king salmon (Oncorehynchus tschawytscha) which enter the Amur and other rivers of its basin for spawning, keta from the Sea of Okhotsk, the humpback salmon from the northern part of the Sea of Japan. They penetrate as far as 300-1600 miles up the river. Most of the keta and the humpback salmon perish after spawning. Their young migrate to the sea where they stay until they reach their maturity, keta in 4 years, humpback in 2. The Amur salmon fisheries and canneries occupy a very important place in the industries of the far east. The Amur with its basin is also the principal far eastern resource of the "chastik" fish. In 1941 the chastik catch (the best up to 1946) amounted to 15,950 metric tons.

Ports.—The city of Vladivostok (literally "Rule of the East"), the principal port of the Soviet far east and the terminus of the 4,608-mile Trans-Siberian Railway, is also the main base for fishing, crab-catching, and Pacific whaling fleets, as well as the centre of shipping, shipbuilding, and fish-processing for the entire area. Its harbour freezes in winter, but the port is kept open to shipping with the aid of icebreakers.

Other coastal ports of the Pacific Ocean are Sovetskaya Gavan and Nikolayevsk-on-the-Amur, the latter 37 miles from the mouth of the Amur River.

On the island of Sakhalin, Aleksandrovsk in the north and Poronaisk and Korsakov (formerly Shikuka and Otomari) in the southern part, former Japanese territory, are the principal ports of this important fishing area.

The largest port of Kamchatka is Petropavlovsk - on - the - Kamchatka, a city that has grown rapidly in the last two decades. Ust-Bolsheretsk is a base for overhauling fishing vessels. Both ports are icebound through the long northern winter. The port of Petropavlovsk is closed to navigation about 130 days a year.

Potential development of the Soviet far east.—As already stated, the fisheries of the Soviet far east are designated in all current plans for the greatest expansion of all the Soviet fishing areas. While fishing along the Pacific coast was always the chief occupation of the population, both the variety of fish taken commercially and the total catch have thus far been below the known potential of the region.

About 30 years ago, up to 90 percent of the far eastern catch represented fish of the salmon group. Later, herring and the Pacific sardine were caught in increasing quantities. In 1939, for instance, while the total catch in the far eastern waters showed an increase of 62 percent as compared with 1913, herring and sardine represented 45 percent of the catch. Up to 1913 herring accounted for 7.5 percent of the catch, and the sardine was not even known in this area. Small fishing craft and gill nets, previously used, were replaced by a fleet of larger motor vessels equipped with purse seines and pound nets, both of which proved very efficient. The Russians report that purse seine fishing brought to some of the best fishermen up to 1,500 metric tons of sardine per year. Pound nets, some of which are set at great depths, were found even more productive. Crabs and aquatic animals have also been growing in importance. Finally, with the creation of the whaling flotilla, "Aleut," in 1932, whaling became a regular activity of the Soviet far east.

The change in the political picture in the Orient brought about a drastic change in the economic conditions of the Soviet far east. Since the turn of the century, Russian fishermen competed with Japanese. Japan had some very important fishing concessions along the Russian coast and on Russian islands granted to her by the Russian Government. But as the Soviet power increased, the Japanese fishing companies began to lose their foot-hold in Russian waters. After World War II, the Japanese fishermen not only found themselves completely eliminated from any fishing in Soviet waters, but Southern Sakhalin and the Kuril Islands reverted to the control of the U.S.S.R.

The effect of this change is apparent from the following statistics cited in the official journal of the Soviet fishing industry. The average annual Russian catch in the far eastern waters for the war years 1941-43, excluding the Northern Kuril Islands, Southern Sakhalin, and Japanese concessions in Russian waters, amounted to about 400,000 metric tons. The total far eastern catch, including the above areas was over 800,000 metric tons. Accordingly, the Russians reason that they can count on doubling their far eastern landings without expanding any phase of their fishing industry. They planned to achieve this goal in the course of the first three postwar years. Beyond that, they believe that more intensive fishing for cod, flounder, and Alaska pollock can eventually increase the total catch in the far east to 1,000,000-1,100,000 metric tons.

There are additional possibilities in the development of other marine resources, such as sea animals, seaweeds, and shellfish.

Immediately after the extension of its control over the former Japanese territory, the Soviet Government began an intensified campaign for the rehabilitation and expansion of the far eastern fisheries as part of a general program of intensive development of this region, including coal and petroleum deposits and timber resources. Migration of single workers and entire families is encouraged by subsidies, privileges, and grants to the new settlers. The population of the area, both old and new, is being steadily urged by the official press and radio to "greater production," "fulfillment and overfulfillment of the plan," with special emphasis on fishing industry.

The expansion of Soviet territory and the acquisition of new fishing grounds were not the only reasons which provided the impetus for the development of this program. Constant voluntary resettlement stimulated in recent years by wage differentials and forced migration to the east, the development of new Siberian and far eastern resources (gold, tin, nickel, coal, timber), and the establishment of the Northern Sea Route resulted in a steady increase of population in the Asiatic part of the U.S.S.R., chiefly along the coast line and the railroad, creating an ever-increasing demand for food supplies.

The broad objective of the program of intensified exploitation of the Pacific coast fisheries include the following

specific goals: To provide an adequate supply of fishery products to the increased population of the Soviet east, thereby adding indirectly to the country's total food supply; and to produce fishery products suitable for export, particularly crabmeat which is the most valuable exportable item of that group.

According to the Plan, the far eastern 1950 catch should show a 150-percent increase over the prewar level and account for more than one-third of total Soviet fish landings.

The long-range plans aim at a far eastern catch of about 1,400,000 metric tons with open-sea fishing expanding at a faster rate than coastal fishing and reaching ultimately 50 percent of the catch. The present predominance of coastal fishing is apparent from the fact that up to 70 percent of the total 1947-48 far eastern fish catch was represented by salmon and herring taken near the coast during their migration to the spawning grounds. Only Primorye (Maritime Territory) made substantial progress in open-sea fishing in recent years, but even there such valuable fisheries as cod, greenling, and shark (Squalus acanthias) remain either underexploited or completely ignored.

A recent estimate of the probable future relation between coastal and open-sea fishing is given below:—

Estimated Future Proportion of Coastal and Open-sea Fishing in the Soviet Far East

(In percentage of total landings for each group)

Species	Coastal fishing	Open-sea fishing
Salmon	85	15
Herring	70	30
Flounder	5	95
Cod	15	85
Mackerel	5	95
Other fish	20	80
Crabs	—	100
Whales	—	100
Seals	30	70
Others	80	20

The break-down by areas, in percentage of total for each group, is as follows:

	Coastal fishing	Open-sea fishing
Primorye	10	90
Sakhalin	50	50
Kamchatka	60	40
Amur	70	30

However, the proposed increase in total landings and the development of open-sea fishing cannot be accomplished without a substantial expansion of the fishing fleet and an even greater expansion of transportation, refrigeration, and processing facilities. The inadequacy of such facilities, even at the present scale of operations, limits the catches of delicate fish such as navaga and flounder; and losses and waste in other fisheries caused by the existing shortages of equipment for proper handling are still high.

HONGKONG REPORT ON FISHERIES

FOR THE YEAR ENDED THE 31ST MARCH, 1950

The activities of the Hongkong Govt. Fisheries Department have been in the past practically entirely devoted to the launching and fostering of the Hongkong Fish Wholesale Marketing Organization. For this reason the scope of the Department has been very limited.

During the year a reclamation at Aberdeen made with the aid of Colonial Development & Welfare Funds was completed. The reclamation is for the benefit of the fishing industry. At the present moment the Fish Marketing Organization has a temporary collecting depot on this reclamation, but no other building has been erected. It is proposed to erect a permanent building consisting of a small market, collecting depot, fishermen's canteen, recreation room etc. in the near future. Plans are in the process of being drawn up. At the present moment the reclaimed area is being extensively used by fishermen for repairing their gear and sails, and for drying fish etc. Facilities of this kind are very limited at Aberdeen.

The Hongkong fishing industry had gradually recovered from the effects of the Second World War. The catch for 1938 amounted to 480,000 piculs consisting of 270,000 salt fish and 210,000 fresh fish. The total marketed during 1949 was approximately 452,000 piculs, which is practically the prewar standard. The great increase in the 1950 figures over the 1949 figures makes it probable that the 1950 figures will exceed those of 1938. The usual seasonal fluctuations in the amount of fish being marketed tend to become less obvious and there are indications that during the coming year the seasonal fluctuations will be even less obvious than hitherto. This is due to a large extent to the rapid increase in mechanization of fishing junks, which are being mechanized at the rate of three to four a month.

At the end of 1948/49 the mechanised fishing fleet consisted of 17 vessels. At the end of this year the fleet had increased to 81 mechanised vessels and is continuing to increase steadily. The greatest increase in mechanised craft is shown in long liners, of which there were seven in the end of 1948/49 and 55 at the end of 1949/50. The table below shows the increase in the mechanised fleet.

	1948/49	1949/50
Japanese trawlers	4	14
Native type junks used as fish carriers	2	4
Native type trawlers	2	2
Motor fishing vessels	2	4
Native type long liners	7	55
Native type hand liners	—	1
Japanese schooner type long liners	—	1
	17	81

The monthly landings by mechanised vessels during the year are given below:

Month	Total Landings (piculs)* Trawler Companies	Owner-operated
April 1949	678	—
May	785	—
June	452	—
July	968	1,336
August	1,624	1,485
September	817	582
October	1,555	1,336
November	1,201	1,488
December	1,000	1,313
January 1950	1,562	1,907
February	2,015	1,120
March	3,578	1,489
	16,330	12,006

* 1 picul=133.3 lbs.

With the exeeption of two trawlers which were mechanised from funds borrowed from the Fish Marketing Organization, the remainder of the native type fishing junks have been mechanised by private enterprise. The rapidity in which junks are being mechanised is due to the fact that fishermen have realised the great advantages of mechanization, particularly so in the case of the waters around Hongkong which are subject to typhoons between July and October. In view of the fact that the local fishing junk is being rapidly mechanised by the private enterprise of the fishing community, it is felt that the original scheme submitted to the Colonial Welfare and Development Committee for funds to promote the mechanization of the Hongkong fishing fleet will have to be modified.

The fishermen themselves have fully realised the great advantage of a self-propelled fishing vessel. Vessels operating from Hongkong are liable to loss from typhoon and piracy and it is important to reduce the time spent in moving to and from fishing grounds in order that the vessels may land more catches annually and thus be more productive and profitable. In addition the mechanization of the fleet will do much to regularize the supply of fresh fish to Hongkong which during the typhoon season is apt to be in short supply owing to the great number of deep sea fishing vessels being laid up. It is realised by experts that the native junks are not really suited for mechanization, being essentially sail-driven vessels, and that to attain the speed of 8 knots considered essential by the fishermen, extravagantly large power units have to be installed. This mechanization of local craft can only be looked upon as an interim step between sail-driven craft and self-propelled fishing vessels.

The scheme, therefore, proposes that a committee be set up on which both Europeans and Chinese would be represented, consisting of local marine architects, shipbuilders and fishermen. The

TRANSPORTATION AND COMMUNICATIONS OF THE PHILIPPINE REPUBLIC

TELECOMMUNICATIONS AND RADIO BROADCASTING

One of the hardest hit by the war in the Philippines were the transportation and communication facilities. Roads and bridges, railways, telegraph, telephone, and wireless communication facilities were either destroyed or put out of commission. Since the liberation however repairs and improvement have been and are presently being made so that all these facilities have been substantially if not fully rehabilitated The means of transportation in the Philippines are by railroads, airplanes, motor vehicles (automobiles, buses, taxicabs), steamships, sailboats, "carretelas," and "carromatas." The pre-war streetcar which was in operation in Manila and suburbs before and during the Japanese occupation is now out of service.

Highways and bridges.—When the Commonwealth Government was inaugurated in November 1935, there were 15,898 kilometers of roads connecting all principal cities and towns and other trade centers. On June 30, 1941 there was a total of 23,476.5 kilometers of roads classified as follow: first class—13,475.1 kms.; second class—7,798.4 kms.; third class—3,203 kms. By June 30, 1949 the total had reached 26,353.50 kms., divided into: first class—14,299 kms.; second class—7,624.96 kms.; and third class—4,429.54 kms. On the whole total, the national government maintains 11,999.25 kms.; the provincial governments 12,745.04 kms.; and the cities 1,609.21 kms.

On December 31, 1949, there were 10,185 bridges and other river crossing facilities with a total length of 168,624.57 meters existing in the Philippine highway system. Of these facilities 1,331 units with a total length of 22,374.20 meters were concrete bridges; 315 units with a total length of 3,185.92 meters were masonry bridges; 7,468 units with a total length of 101,512.27 meters were timber bridges; 743 units with a total length of 26,578.30 meters were steel bridges and 328 units with a total length of 14,973.88 meters were pontoons, fords, spillways and ferries.

Railroads.—Rail mileage in 1939 was 1,354 kilometers. The Manila Railroad Company, which is owned and operated by the Philippine Government, operated a system of 1,140 kilometers in Luzon, the main line extending from San Fernando, La Union, in the north, to Legaspi, Albay, at the foot of Mayon Volcano, in the south. The Philippine Railway Company has in operation 214 kilometers of railway in the islands of Panay and Cebu. About 80 percent of the lines of the Manila Railroad Company have been fully rehabilitated and now serve as one of the main facilities for the transportation of passengers and goods from the provinces of northern, central and southern Luzon to Manila and vice-versa. Recently the company placed in service all-steel 3rd class coaches manufactured by the Pullman Standard Car Company and several new locomotives as innovation in the service of the company. The Manila Railroad Company has an ambitious plan of expansion by building a new line to the Cagayan Valley, for which the sum of 40 million pesos is estimated to be spent. A survey of the project has been undertaken and its construction is expected to begin in the next two or three years.

Motor vehicles.—The number of motor vehicles registered in the Philippines in 1940 totaled 54,764. However, by the end of 1947, the number registered totaled 76,060 for all types of vehicles while the total for 1948 was 86,868. The breakdown of the last figure is as follows: 34,591 cars, 51,404 trucks and 873 motor cycles. In 1949 the total number of vehicles registered in the Philippines was 94,317, of which, 38,992 were cars, 53,485 trucks, 705 trailers and 1,135 motor cycles. From January 1 to June 30, 1950 (with six provinces not yet reporting) the re-

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task of this committee will be to work out a design of a vessel suitable for local conditions and mechanization, and to incorporate the necessary accommodation for the fisherman and his family; it is further proposed that the design shall conform, as far as possible, with Chinese methods of construction. Upon such a craft being designed and tested at the National Physical Laboratory, Teddington, it is proposed to build two experimental vessels in accordance with the approved design, but maybe differing in certain details. These, when constructed, would be operated by the Fisheries Department for demonstration purposes. This completes the first stage of the proposed scheme. Should this first stage be accepted and prove a success, it is proposed to submit a further scheme which will consist of the selling of the two vessels and establishing a revolving fund with the proceeds and an additional grant from the Colonial Development and Welfare fund. This fund will be utilised to grant loans to fishermen to assist them to build boats of the new type for their own use.

Fishing Industry

It is very difficult to give accurate figures for the size of the fishing fleet of Hongkong, but the appended table gives an indication of the size of the fishing fleet as at 31st March 1950. The Hongkong fishing fleet includes a number of "visitors" who come from ports in China for short visits either when they are following the fish or having poor returns in their usual fishing grounds. As a result of this the size of the fleet varies from month to month.

The local fishing grounds are used mainly by sail-driven craft, the mechanised fleet venturing much further from Hongkong. The main fishing ground for the mechanised fleet seems to be, (A) 100 miles S.S.W. of Ma Mei Island at a depth of 45 to 57 fathoms. This ground produces, during the months of October to March, good catches of red sea bream (Taius tumifrons). (B). 170 miles S.W. of Ma Mei Island, stretching N.E. by E. to S. by E. of Taya (off Hainan) at a depth of 45 to 60 fathoms. The main catch in these grounds is red snapper (Lujanus erythropterus), lizard fish (Saurida tumbil), ginkgo fish (Gymnocranius griseus), big eyed snapper (Pristipomoides argyrogrammicus) and red sea bream.

An experiment was laid down on the agricultural station at Kam Tin to investigate the culture of common carp in paddy fields. Unfortunately the station was handed over to the Military Authorities before the investigations were completed and very little information has been obtained. The Fisheries Assistant has been engaged in helping and advising fish pond farmers and at the same time preparing a report on fish pond culture in the New Territories.

The export of fish fry by air has continued and expanded. During the year, 281,250 fish fry valued at $47,704 were exported. One shipment was sent to Formosa as a trial which proved successful. The table below gives details of these activities.

NUMBERS OF JUNKS AND FISHERMEN IN THE COLONY ON THE 31ST MARCH, 1950

Type of junk	No. of junks	No. of fishermen
Trawlers	908	15,148
Big Long Liners	56	2,620
Middle-sized Long Liners	70	1,310
Pa Tengs	73	2,447
Purse Seiners	1,223	11,552
Shrimp Trawlers	319	2,143
Hand Liners	1,121	7,311
Big Tailed Junks	515	3,620
Ku Pengs	196	1,568
Fish Driers & Fish Collectors	153	1,265
Miscellaneous	321	3,195

	SINGAPORE		BANGKOK		FORMOSA		TOTAL	
	Quantity Fry	Value $	Quantity Fry	Value $	Quantity Fry	Value $	Quantity Fry	Value $
Grass Carp	59,700	10,102	71,450	11,329	—	—	131,150	21,431
Big head	65,600	12,615	22,540	5,043	6,000	1,680	94,140	19,339
Silver carp	34,000	3,958	21,960	2,974	—	—	55,960	6,933
Total	159,300	26,676	115,950	19,347	6,000	1,680	281,250	47,704
1948/49 Totals	187,530	40,716	10,950	3,601	—	—	198,480	43,718

gistrations are as follows: cars—37,239; trucks—41,836; trailers—794; and motor cycles—1,248 or a total of 81,117 vehicles.

Shipping.—The Philippines, being an island country composed of many small and widespread islands, depends much on watercraft facilities for the development and promotion of its inter-island trade. Shipping, therefore, plays a vital role in the economic development of the country. At the beginning of the American occupation, 1,009 coastwise vessels entered and 1,074 cleared from Philippine ports of entry, with a total net tonnage of 455,000. In 1940, 23,068 vessels with a total net tonnage of 5,575,034 entered and 23,230 vessels with an aggregate net tonnage of 5,574,653 cleared the different ports of entry.

Manila, the capital and principal port of the Philippines, boasted of having one of the best shipping and harbor facilities in the Orient before the war. Pier 7 (now Pier 13) was, before its destruction during the war, one of the best and most efficiently equipped terminal structures of its kind to be found anywhere. This pier and Pier 5 (now Pier 9) have just been reconstructed and are now opened for use, thus supplying the very much needed berthing space for ocean-going vessels. The other ports of entry are Cebu, Iloilo, Zamboanga, Davao, Tabaco, Tacloban, Jolo, Jose Panganiban, San Fernando, and Aparri.

At present the maximum tonnage capacity of the port of Manila is 6,000 tons a day compared with 3,000 tons a day prewar. Consequently, the volume of foreign shipping has increased considerably. The remarkable increase in Philippine foreign shipping may be gleaned from the fact that in 1940, only 730 vessels engaged in foreign trade with a total tonnage of 1,755,519 entered Philippine ports, while in 1947, a total of 857 of such vessels having an aggregate tonnage of 3,344,991 entered the local ports. During the fiscal year 1947-1948 a total of 1,396 vessels engaged in foreign trade with an aggregate net tonnage of 5,686,270 entered Philippine ports. This number increased during the fiscal year 1948-1949 to 1,410 vessels with an aggregate net tonnage of 9,645,857.

The Philippine inter-island shipping has been considerably rehabilitated. As of June 30, 1949, a total of 3,771 vessels of different categories having an aggregate net tonnage of 217,379.4 were registered and licensed throughout the Philippines for coastwise and bay and river business, as against 3,547 vessels having an aggregate net tonnage of 154,613.2 in 1940.

Aviation.—Commercial or civil aviation is not a new enterprise in the Philippines. Interest in aviation was keen even before the outbreak of the Pacific war. In 1936 the Pan-American Airways inaugurated a regular service between Manila and Alameda, California, via Guam, Wake, Midway, and Honolulu on a weekly schedule, and between Manila and Hongkong, via Macao, also on a weekly schedule. Two airline companies, the Iloilo-Negros Air Express Company (INAEC), and the Philippine Air Lines (formerly Philippine Aerial Taxi Company) were actively engaged in local aviation at the outbreak of the war with air service schedules between Manila and the bigger cities. The INAEC was reorganized in 1945 and renamed Far Eastern Air Transport, Inc. (FEATI) while the Philippine Air Lines, Inc. was reorganized in 1945. The growth of the latter company was steady and subsequently it was able to purchase the two local airlines, the FEATI and the Commercial Air Lines, Inc. The PAL has at present a capitalization of P12,500,000 and maintains a network of 34 local stations scattered from Basco, Batanes, to Jolo, Sulu. Likewise, its planes touch 16 internatonal airports, including the important cities of the United States, as well as London, Madrid, Rome, Calcutta, Shanghai, Okinawa, Tokyo, Karachi, Cairo, Guam, Wake, Honolulu, Hongkong, Saudi Arabia, and points in the Near and Middle East.

Foreign airline companies which help connect the Philippines with the outside world include the Northwest Airlines, Pan American World Airways, Royal Dutch Airlines, British Overseas Airways Corporation, Quantas Empire Airways, and a few other non-scheduled air carriers.

The local airline industry is expected to make more advancement in the future and bids fair to become one of the mainstays of Philippine economic stability and progresss. The rehabilitation of Philippine airports had been going on steadily. The Manila International Airport which is the terminal for all local and foreign planes in Manila has been fully rehabilitated and recently a P5,000,000 runway, 7,500 feet long and 250 feet wide, and reputed to be the biggest commercial runway in the Far East, was recently completed and is now in operation.

Today the Philippines' international carrier, the PAL, is considered one of the world's ten largest airlines. In the domestic field, the local airline carries monthly an average of 19,000 revenue passengers, 50,000 pounds of mail and about 1,000,000 pounds of freight and flies 400,000 passenger miles. These figures, roughly translated into cash, run into millions of pesos a year. No doubt the new aviation industry adds wealth to the country's national economy.

TELECOMMUNICATIONS AND RADIO BROADCASTING

Domestic communication.—Domestic public service radio and telegraph (wire) communications are practically a government monopoly in the Philippines. The Bureau of Telecommunications is operating a nation-wide radio and wire (telegraph) communications system open to public correspondence. The Clavecilla Radio System, a Filipino corporation, has been granted a temporary permit to operate for a limited period of time public fixed point-to-point radio stations in Manila, Cebu City and Iloilo City open to public correspondence. This firm is also operating public coast stations.

International Telecommunications Public Service.—This field is open to private enterprises. Well-known telecommunication companies, such as the RCA Communication, Inc., Mackey Radio and Telegraph Company, Globe Wireless Ltd., Philippine Long Distance Telephone Company, Eastern Extension Australasia and Telephone Company, have radiotelegraph, radiotelephone stations and cable services in Manila open to public correspondence. They communicate with important cities in the world, like San Francisco, Honolulu, Sidney, Hongkong, Bangkok, Saigon, Macao, Seoul, Singapore, Madrid, Okinawa, Rome, Batavia, Berne, Bombay, Frankfurt, Hamburg, Taipeh (Taiwan), Tangier, Tokyo, British Borneo, London and Lima. The United Press Association and the Philippine Press Wireless are also operating in Manila trans-oceanic fixed stations engaged exclusively in transmitting and receiving press messages from points outside the Philippines. The Associated Press is also operating a commercial receiving station in Manila, which is receiving press messages from foreign stations.

Radio broadcasting.—Interest in radio broadcasting in the Philippines increased during the past three years. Manila has several high powered standard broadcasting stations, such as, DZFM (710 Kcs.), the People's Station, owned and operated by the Republic of the Philippines; DZRH (650 Kcs.) and DZMB (760 Kcs.) of the Manila Broadcasting Company; DZPI (800 Kcs.) and DZAB (860 Kcs.) of the Philippine Broadcasting System Company; DZBB (580 Kcs.) of the Republic Broadcasting System, owned and operated by Mrs. Loreto F. Hemedes; DZBC (1000 Kcs.) of the Bolinao Broadcasting Corporation and DZAS (680 Kcs.) of the Far East Broadcasting Company, a non-commercial station engaged in the dissemination of the principles of Christianity. Several powerful short-wave stations affiliated with each of the entities just mentioned are also operating in Manila, namely, DUH2 (6170 Kcs.), DUH3 (9570 Kcs.), DUH4 (9615 Kcs.) and DUH5 (11840 Kcs.) owned and operated by the Republic of the Philippines; DZH2 (9640 Kcs.) and DZH4 (6000 Kcs.) of the Manila Broadcasting Company; DYH3 (6110 Kcs.), DZH3 (9500 Kcs.) and DZH5 (9690 Kcs.) of the Philippine Broadcasting Company; DZ13 (6110 Kcs.) of the Republic Broadcasting System; DZ12 (6550 Kcs.) of the Bolinao

FINANCIAL SITUATION IN THE PHILIPPINES

BANKING

Banking activities were highlighted by a rapid recovery of the country's banking system from its complete breakdown during the Japanese occupation when the few banks then operating had their vaults packed with worthless Japanese notes and saw their deposit liabilities hit record levels. Immediately after liberation the government assisted in putting banking institutions back on their feet. With government assistance and as business became more brisk, a notable progress was registered in banking transactions from year to year. Total bank assets in the Philippines rose from 572 million pesos in 1945 to P980 million in 1949, as against P371 million on June 30, 1941. Not included in the total were the assets of the Central Bank of the Philippines, the Postal Savings Bank, and the Rehabilitation Finance Corporation.

As of December 31, 1949, there were 13 banks operating in the Philippines, nine of which operated 30 provincial and city branches, 53 provincial or district agencies, and three overseas branches and agencies. Before the war, domestic banks in operation numbered 17.

Expansion of bank credit was reflected in the steady rise of domestic credits of private banks. Despite some fluctuations, the volume of bank credit during the last two years was maintained at about 285 percent of that of June, 1941. The rate of expansion in bank deposits was even faster, although late in 1949, savings and time deposits declined by P14 million presumably as a result of speculation due to exchange crisis. Bank deposits at the end of 1949 totaled P739 million, which were P107 million less than the total deposits at the close of 1948. The contraction in total deposits, was, however, partially offset by an increase in savings and time deposits amounting to P35 million. Total debits to checking accounts during 1949 increased by 11.85 percent over the previous year. Further evidence of the stability of local banks was the fact that their total capital accounts as of December 31, 1949 exceeded the capital required under the law by P6.745 million.

Central Bank of the Philippines.— One of the most significant steps taken by the government in the control of its financial activities was the establishment early in 1949 of the Central Bank of the Philippines which had a starting capital of P10 million. The principal objectives of the Central Bank as outlined in Republic Act No. 265 are: (1) to maintain monetary stability within the Philippines; (2) to preserve the stability of the international value of the peso and its convertibility into other freely convertible currencies, and (3) to promote orderly growth in production, employment and real income. To achieve these ends the Central Bank was vested with the following instruments (monetary) of action: (1) operation in gold and foreign exchange and control of the receipts and disbursements of foreign exchange; (2) lending to banks and to the government; (3) open market operations; (4) control of bank reserves through the imposition of minimum requirements and (5) regulation of lending operations of banks. The Bank was also designated fiscal agent of the National Government. In the exercise of its powers, the Central Bank adopted several monetary measures, chief among them being the imposition of exchange controls on December 9, 1949, and the selective control of credit prescribed on November 17 of the same year.

The total assets of the Central Bank as of December 31, 1949 amounted to P793,108,460.62 against total liabilities of P776,644,277.28. Its international reserve was P460,688,975.49 and its total demand liabilities P772,528,966.75, or a ratio of 59.6 percent. It realized during the year 1949 a net income of P6,464,183.34, after deducting expenses aggregating P1,945,447.40 from its gross income of P8,409,630.75.

Rehabilitation Finance Corporation.— A step taken by the government which has helped immensely local financing was the organization of the Rehabilitation Finance Corporation (RFC). This corporation was empowered to grant credit facilities for the rehabilitation and reconstruction of damaged factories, residential and commercial buildings, rehabilitation and development of farms, purchase of farm implements and machineries, as well as the financing of government self-liquidating projects and rehabilitation of private banks and building and loan associations. In fact, the field of activity of the corporation is so broad that it touches almost every financial phase of economic activities which are believed essential to the advancement of the national economy.

In its three and one-half years of operation (January 2, 1947 to June 30, 1950), the RFC had approved a total of 17,625 loans in the aggregate amount of P311,115,809.00. Of this amount, P149,063,280.00 financed the construction of 9,049 residential and commercial buildings and repair of 901 structures; P46,744,460.00 financed the rehabilitation and development of the farms of 7,170 applicants, covering a total area of 308,646 hectares, mostly planted to rice, sugar cane, abaca, and minor food crops; P95,536,525.00 financed the rehabilitation of old industries and the establishment of new ones belonging to 385 applicants, engaged largely in transportation, lumbering, manufacture of sugar, production of cement, plasterboard, and ceramics, as well as in mining and fishing; P10,623,840 financed government self-liquidating projects, largely reconstruction of public markets, electric plants, and water systems; P9,747,704.00 financed the purchase of large landed estates to be resold to tenants occupying them; and P1,400,000.00 financed the rehabilitation of 4 building and loan associations.

Since the beginning of 1949, the Corporation has emphasized the extension of more and more credit facilities for agricultural and industrial enterprises and already this policy has resulted in the slowing down of the granting of real estate loans and step-

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Broadcasting Corporation; and DZH6 (6030 Kcs.) and DZH7 (9730 Kcs.) operated by the Far East Broadcasting Company.

In Cebu City, the Philippine Broadcasting Company and the Cebu Broadcasting Company are operating standard broadcast stations DYRC (600 Kcs.) and DYBU (1250 Kcs.), respectively, and shortwave stations DYH2 (6140 Kcs.) and DYH3 (6100 Kcs.). In Iloilo City, there is one standard broadcast station, DYRI, owned by Mr. Eduardo Lopez of the Lopez Electrical Works. In Davao City, Mr. A. J. Wills is operating standard broadcast station DXAW (1180 Kcs.) while the Mindanao Colleges in the same city, is operating tropical broadcast station DXB2 (3950 Kcs.). There is one tropical broadcast station in Bacolod City, owned by Mr. Mario Lizares. The Silliman University has recently been licensed to operate DYSR (840 Kcs.) a non-commercial radio station in Dumaguete City. It has also been licensed to operate shortwave station DYH4 (6035 Kcs.). The Bolinao Broadcasting Corporation is operating a standard broadcast station DZRI (1040 Kcs.) in Dagupan City, Pangasinan.

Several business establishments engaged in the shipping, fishing, lumber, mining, sugar and farming industries, as well as power and construction projects were granted temporary permits for the construction and operation of private fixed point-to-point stations which maintain communications regarding their business only.

The year 1949 saw the introduction in the Philippines of the land mobile service. Newspaper publishers, such as the "Manila Times", the "Philippines Herald" and the "Evening News" are operating base and land mobile stations in Manila which make possible on-the-spot gathering and reporting of news.

As of June 30, 1950, there was a total of 1,360 radio stations in operation in the Philippines (Government and privately owned) as compared with about 300 before the outbreak of the Pacific War in 1941.

ped up the approval of applications of loans for agricultural and industrial development, as seen from the result of its operation during the first half of 1950 when 43.09 percent of total loans granted were for financing industrial projects, 22.53 percent were for agricultural enterprises, 31.40 per cent were for real estate, and 2.98 per cent were for government selfliquidating projects.

PUBLIC FINANCE

Public finance has not been fully stabilized as government income has not been able to keep up with mounting expenditures. Figures supplied by the Central Bank show that during the first six months of 1949 the National Government had incurred a deficit in the general fund in an amount of more than P112 million. To balance its budget and avoid deficit financing, the government has mapped out a tax program which would augment its income by several million pesos and has likewise revamped its tax collection system so as to insure payment of all collectible taxes and forestall tax evasions.

At the end of 1949, the public debt of the Philippines amounted to P666,-969,210.39, against P609,642,627.83 in 1948, or an increase of P57,326,-583.10. This gives a per capita burden of P33.86, or about 15 percent of the per capita income which is estimated at P299. The increase in the outstanding public debt was due to the issuance of Rehabilitation and Development bonds amounting to about P54 million, Treasury bills in the amount of P1 million and a net increase of P2,921,900 in RFC loans.

MONETARY CIRCULATION

Money supply which reached its peak in December, 1948 when a total of P1,194 million in coins and treasury certificates circulated in the islands, contracted by P157 million during 1949 when it dropped to a level of P1,037 million at the close of the year. During January, 1950, the series turned upward and rose by P19 million. The decline reflected the deflationary trend during 1949. It was estimated that the volume of money supply in 1949 would have been reduced further had it not been for the loans and advances made by the Central Bank to the government for its operational expenses and the government's disbursements from accumulated cash balances in special funds.

The 1949 monetary circulation, however, was still several times bigger than the prewar circulation of P274 million. The unprecedented increase in money supply during the years immediately following liberation was brought about by the continuous inflow of dollars in the form of war damages, benefit payments, backpay, and army expenditures. The decrease noted in 1949 was attributed to the decrease in capital stock and surplus of banks, increase in bank liabilities and deposits, decrease in bank investment, trade deficit and remittances abroad, and other factors.

The Central Bank report for 1949 placed at 44.5 percent the monthly ratio as of December, 1949, of the international reserve of the National Treasury/Central Bank (excluding the holdings of other banks) to money supply for the post-liberation period. It was noted that the monthly ratio has declined almost continuously from 99.6 percent in December, 1945, to 43.6 percent in November, 1949. In December, 1949, the ratio stood at 44.5 percent, which was lower than the prevailing ratio at the beginning of the year of 67.0 percent.

INVESTMENT OPPORTUNITIES

Foreign capital seeking outlets for investment may well venture into the Philippines where a tremendous wealth of dormant natural resources is waiting to be tapped by enterprising hands. No adequate survey can ever be made of the vast investment opportunities abounding in the country nor can anybody estimate with fair accuracy the potentialities in terms of material benefits and results to be derived from the full exploitation of those opportunities. Aside from the richness of the country's natural resources and the plentiful supply of local labor, other existing conditions in the Philippines offer inducement to foreign capital. These various factors which have brought about a climate suitable to foreign investments include: (1) the financial stability of the Philippine government; (2) sound Philippine currency secured by the pegging of the Philippine peso to the American dollar; (3) preferential trade relations of the Philippines with the United States for the next 24 years; (4) parity right granted to American citizens, enabling them to enjoy the same privileges as the Filipinos in the development of natural resources and the operation of public utilities; (5) four-year exemption from taxes to new and necessary industries; and (6) the adherence of the Filipino people to the democratic way of life and their traditional hospitality to Europeans who come to share in the economic upbuilding of the country.

Among the most promising fields of business activity in the Philippines are the following:

Cattle raising.—Prospects in this line of business are brighter now than they were before the war. The prewar livestock population suffered considerable damage during the war as a result of which cattle were reduced from 1,300,-000, to about 800,000 heads; carabaos, from 2,900,000 to 2,000,000; and hogs from 4,300,000 to 4,000,000. To replace the losses, the government appropriated P2,500,000. Most ideal place for the development of cattle industry is the island of Mindanao where extensive virgin land can be had for cattle raising. The island also teems with grasses and legumes suitable for cottle geed.

Commercial Fishing.—The annual fish requirements of the country is estimated at about 54,000 tons. In spite of the considerable progress made in the rehabilitation of the fishing industry, local supply of fish food still falls short of the normal domestic fish demand so that the country has to depend on imports to make up for the deficiency. To further develop and expand the fishing industry, the government created a Bureau of Fisheries under the Department of Agriculture and Natural Resources.

Chemical Production. — There is practically no chemical manufacturing industry at present and the local requirements have to be supplied with imports which before the war averaged P20,000,000 annually. Imports of these products last year were valued at P36,543,088. These products however may be profitably manufactured locally as raw materials in the form of limestone, salt, fibers, starches, and potential sources of hydraulic power are available in the country.

Manufacture of Paints and Varnishes.—The manufacture of paints and varnishes appears feasible in view of the availability of raw materials imports which before the war averagfor the purpose. Philippine forests abound in gums and resins while turpentine can be gathered from the Benguet pines. This particular industry has bright prospects in view of the fact that the building boom in the country is still going on.

Manufacture of Paper Products.—The average yearly importation of paper in the Philippines before the war was valued at P9,300,000. In 1946, paper imports reached a total of P23,-000,000, and in 1949, P47,919,780. The possibilities for investment in the paper and related industries appear bright in view of the availability of raw materials including abaca waste, cogon grass, bagasse, and wood pulp. Meanwhile, there is an increased demand for newsprint, book and printing paper, paper containers, and similar products.

Lumbering.—Lumber is an important item in the nation's reconstruction projects. Present lumber requirements for construction and reconstruction have been estimated at more than 4.5 billion board feet. Prewar production of lumber and timber totaled only 941,604,499 board feet valued at P46,-272,000, of which 754,000,000 board feet were used locally and the rest exported. It is believed that if more logging equipment could be installed and additional sawmills of higher capacity operated, the Philippine lumber industry could be brought up to an annual production of 2 billion feet.

CEYLON ECONOMIC REPORTS

Agricultural Development

The Gal-Oya Multi-Purpose Scheme is fast becoming an accomplished fact, for besides the progress on the construction of the Rs. 50 million dam which will be completed by September, this year, it is now proposed to settle a first batch of 300 colonists under the Scheme also by September this year. From next year, 2,500 colonists will be settled annually until 1962, when a total of 25,000 colonists will have taken up residence at Gal-Oya. The area that will be brought under cultivation by the 30 sq. mile reservoir will be 30,000 acres of already existing paddy fields and 90,000 acres of new paddy fields. The work of clearing the jungle for the purpose of converting it into paddy fields is going on at a speed hitherto unknown in Ceylon, 40 acres a day at an average cost of Rs. 60 per acre.

Foreign Trade Returns

The Customs Returns for January, this year, record a favourable balance of trade amounting to approximately Rs. 66,913,000 as compared with a favourable balance amounting to Rs. 21,137,000 for the same month last year. The exports in January, this year, were of the total value of Rs. 180,628,015. Imports were Rs. 113,571,849. Of the exports, the domestic exports alone were of the value of Rs. 174,714,243. The imports and exports figures for the corresponding period in 1950 were: Imports — Rs. 86,752,594; Exports — Rs. 107,896,449.

The excess value of imports in January this year as compared with January, last year amounts to Rs. 26,819,255. On the exports side, the excess amounted to Rs. 72,731,566. The principal sources of imports in January, this year, were: United Kingdom —Rs. 24,241,408; Burma—Rs. 19,698,903; India—Rs. 15,490,704; Australia—Rs. 5,681,687; Iran — Rs. 4,671,641; Japan—Rs. 4,322,911 and U.S.A.—Rs. 2,416,800. The imports from Commonwealth countries and British possessions were of the total value of Rs. 64,039,237 while the value of imports from Foreign countries was Rs. 49,528,662.

The principal buyers of Ceylon commodities in January were: United Kingdom—Rs. 46,887,511 as against Rs. 31,469,661 in January last year; U.S.A.—Rs. 36,389,147 as compared with Rs. 17,892,626 during the corresponding period last year; Australia—Rs. 10,519,388; Holland—Rs. 7,654,978; Egypt—Rs. 6,576,528; Italy—Rs. 6,354,036; Union of South Africa—Rs. 6,992,492; Belgium—Rs. 5,573,777; and Germany—Rs. 5,088,021. Purchases by Commonwealth countries and British Possessions totalled Rs. 83,119,127.

The imports during January 1951, which amounted to Rs. 113,571,849, were made up as follows:— Food, grain and tobacco — Rs. 50,528,756, of which imports of grain and flour alone amounted to Rs. 25,804,463; Raw materials and Unmanufactured Articles —Rs. 14,139,854; and Manufactured Articles—Rs. 48,829,279.

The domestic exports, which were of the total value of Rs. 174,714,243, consisted of: Food, Drink and Tobacco —Rs. 77,256,236; Raw Materials and Unmanufactured Articles—Rs. 96,707,880, as compared with Rs. 33,027,138 during January, 1950; and Manufactured Articles — Rs. 749,836. Of the raw materials, rubber exports alone amounted to the value of Rs. 74,908,218 as compared with Rs. 24,027,138 during the corresponding period, last year.

Mining.—Extensive deposits of gold, silver, iron, copper, manganese, and chrome are found in the Philippines. In addition to these non-metallic minerals like asbestos, gypsum, sulphur, limestone, clay, marble and building stones, coal, petroleum, and asphalt form part of the mineral wealth of the country. The total invested capital in all mines before the war was P156,000,000, but war came and the industry suffered considerable devastation. Efforts are being made to fully rehabilitate all mines operating before the war and several have already reported fair production.

Manufacture of Miscellaneous Products.—There are other opportunities for profitable investment in such industries as the manufacture of soap and toilet preparations, shoes and leather, glass and glassware, ceramics and clay products, wooden and rattan furniture, and plastics. These products, except the last one, are still in the handicraft stage. But with sufficient capital and technical skill they could be developed and expanded for supplying local demand and possibly for export purposes.

Increased Export Duties announced

New Export Duties were enforced as from March 14, as follows:—1. Tea. The duty is increased from 53 cents to 60 cents per lb. The increased duty will not apply to the balance of the tea that is being exported to the United Kingdom under the existing Contract with the Ministry of Food.

2. Rubber: The duty is increased from 15 cents to 50 cents per lb. 3. Copra: The duty is increased from Rs. 75 to Rs. 100 per Candy (560 lbs.) 4. Coconut Oil: The duty is increased from Rs. 243.75 to Rs. 325 per ton. 5. Coconut Poonac: The duty is increased from Rs. 100 to Rs. 200 per ton.

6. Cocoa: A new duty of 25 cents per lb. is levied. 7. Pepper: The duty is increased from Rs. 2 to Rs. 2.50 per lb. 8. Cardamoms and Citronella Oil: A new duty of Rs. 2 per lb. is levied.

The addition to the revenue resulting from these duties is estimated to be Rs. 52.3 million during the period March 15, 1951, to September 30, 1951, or about Rs. 100 million a year.

Announcing the new duties, Mr. Jayawardene, the Finance Minister, said: "When we considered the exact nature of the export duties that should be levied we thought that a sliding scale of export duties based on the market price would be the fairest. Considerable difficulties, however, arose not only in the calculation of duties that would be fair to all the commodities but we also saw difficulties in the operation of any such form of taxation. We were also informed that statutory legislation would be necessary to impose these duties. As the Government did not wish to delay the introduction of the new duties, we have therefore decided to levy the increased duties on a flat rate as at present. We have also taken into consideration that, as between the three major commodities, tea, rubber and coconut, 40 per cent. of the rubber, 90 per cent. of the coconut and 14 per cent of the tea are owned by small holders; that tea has been earning a steady income for its owners during a long period of time, and the chances are that it will continue to do so for several years to come, that about one-third of Ceylon's rubber lands are uneconomic; that rubber and coconut are wasting assets, as far as a large portion of the cultivated extent is concerned, and require urgent replanting. As regards rubber, we thought that the continuation of the present high level of prices is problematical. We also considered the high prices being fetched by some of the other commodities and included them too within the scope of the new taxes."

Mr. Jayawardene also said that sources of additional revenue had to be devised in order to meet unforeseen expenditure necessitated by the increased cost of imported food, the reduction of the price of rice by five cents per measure to the consumer, and the granting of the special cost of living allowance to public servants.

REPORT ON HONGKONG'S TRADE IN JANUARY 1951

Hongkong's trade figures for January were published in this Review on March 8 (pp. 268/270). Total trade for January at $996.4 million, with imports at $452.6 million and exports at $543.8 million, is believed to be the highest figure ever recorded in this Colony's history. Compared with last month the value of imports is up by 3.8% and that of exports by 43.9%, showing an overall increase of 22.4% in the total. The indications are that these increases are due less to an increase in the volume of goods than to very heavy price increases.

Figures for trade with China and Macao are shown in millions of dollars below, last month's figures being given in brackets:—

	Imports	Exports	Total
China, N.	29.1(33.6)	61.4(92.5)	90.5(126.1)
China, M.	14.5(20.4)	21.5(22.3)	36.0(42.7)
China, S.	33.9(43.6)	166.1(62.6)	200.0(106.2)
Macao	9.4(8.7)	28.2(14.2)	37.6(22.9)
Total	86.9(106.3)	277.2(191.6)	364.1(297.9)

The item in imports from North China which showed the largest decrease was soya beans, which fell from $6.8 million to $1.0 million. Decreases were also recorded for textile fabrics, pharmaceutical products, and coal. On the other hand, imports of wood oil increased from $0.5 million to $5.1 million, and groundnut oil from $1.4 million to $2.7 million. Exports of raw rubber to North China fell from $35.3 million to $2.3 million; pharmaceutical products from $13.8 million to $9.8 million, and textile fabrics from $7.4 million to $3.8 million, but there were increases in exports of refined sugar from $0.5 million to $2.9 million and dyeing and tanning materials from $6.0 million to $10.6 million.

Imports of refined sugar from Middle China showed a decrease of $8.8 million. Exports to Middle China of vegetables, roots and tubers chiefly used for human consumption fell by $1.1 million, but fishery products for food increased from $1.4 million to $2.7 million.

Imports of white rice from South China rose from $4.8 million to $10.1 million, but wood oil imports dropped by $11.3 million and nil shipment of pigs' and boars' bristles, as against $1.7 million for last month, was recorded. There were increases in exports of pharmaceutical products from $10.5 million to $20.0 million; dyeing and tanning materials from $5.2 million to $13.1 million; textile fabrics from a mere $1,670 to $6.9 million, iron and steel from $10.6 million to $15.4 million; non-ferrous base metals from $1.2 million to $3.9 million, non-electrical machinery from $1.4 million to $3.9 million; vehicles and transport equipment from $2.7 million to $4.4 million; paper from $1.4 million to $3.2 million; manufactures of base metals from $1.3 million to $2.8 million; and refined sugar from $6.000 to $2.6 million.

Figures in millions of dollars for trade during January with specific localities of China, or by specific routes, are as follows (last month's figures are shown in brackets):—

	Imports	Exports
Formosa	8.8 (15.9)	14.2 (15.7)
South China (by land)	7.0 (17.8)	73.0 (54.0)
Shanghai (by rail)	0.5 (0.9)	9.4 (7.9)
Shanghai (by sea)	9.1 (10.1)	10.5 (18.2)
Hainan	0.1 (0.08)	0.4 (0.03)

United Kingdom:—Imports increased by $10.6 million, the principal items affected being electrical machinery up by $2.6 million; pharmaceutical products up by $2.7 million yarns and threads up by $1.4 million; and iron and steel up by $0.9 million. Exports to the United Kingdom also registered an increase of $7.9 million mainly due to increased exports of wood oil, and clothing and underwear of textile materials.

India:—Imports of yarns and threads fell by $4.4 million but textile fabrics were up by $1.3 million

Pakistan:—Imports of raw cotton increased by $10.6 million and exports of yarns and threads by $1.8 million.

Belgium:—The rise in imports of $2.2 million was mainly attributable to non-ferrous base metals; iron and steel; and fertilizer.

Germany:—Imports doubled over last month with iron and steel up by $3.2 million; and dyeing and tanning materials up by $1.3 million. An all round increase in exports of $2.4 million was also recorded.

Holland:—Imports increased by over 50% to $16.1 million mainly due to increased imports of refined sugar; dyeing and tanning materials; and pharmaceutical products.

Thailand:—Exports were up by $7.0 million, textile fabrics up by $2.6 million being the chief item.

Japan:—Imports went up by $11.2 million, textile fabrics increased by $6.9 million; non-electrical machinery by $3.0 million; fishery products for food by $2.5 million; paper by $1.9 million; and rubber tyres (motor) by nearly $1 million, whilst iron and steel imports dropped heavily from $8.2 million to $1.1 million. An increase in exports of nearly $6.0 million was registered; the increase being spread over a wide range of commodities.

Indonesia:—Imports of raw rubber were up by $1.3 million; of gas oil and fuel oil, by nearly $1 million. Exports recorded an increase of $12 million, the chief items affected being textile fabrics, yarns and threads, clothing and underwear of textile materials, and paper.

Switzerland:—Imports of manufactured articles and dyeing and tanning materials increased by $1.5 million and $0.6 million respectively.

U. S. A.:—Imports at $29.5 million showed a heavy decrease, being only about 40% of the figure for last month. The chief items affected were pharmaceutical products from $25.9 million to $4.8 million raw cotton from $2.7 million to

Produce Prices

Following the imposition of new rates of duties Tea Sale realised an average price of Rs. 2.43 subject to Export Duty. The price at the corresponding sale last year was Rs. 2.37. In anticipation of the new export duties, the price of rubber declined. Sheet No. 1 which fetched Rs. 3.30 on March 7, fell to Rs. 3.00 on March 14. Crepe No. 1 fell to Rs. 2.90. The previous average prices were: Sheet No. 1—Rs. 3.20; Crepe No. 1—Rs. 3.24¼; Sole Crepe (⅛")—between Rs. 3.56 and Rs. 3.76. Following the announcement of the new export duty, the price of Copra which was Rs. 312 per Candy No. 1 on March 12, fell to Rs. 290.

Revenue & Expenditure

The revenue for January was Rs. 71,772,128. The principal sources were: Customs—Rs. 42,864,355; Income Tax, Estate Duty, Stamps and Excess Profits Duty—Rs. 11,240,315; Excise and Salt—Re. 3,913,287 and Railway Revenue—Rs. 5,445,865.

The voted expenditure for the month was Rs. 58,415,317. The main items were: Food Subsidies—Rs. 11,795,071; Education—Rs. 9,731,354; Medical Services—Rs. 4,384,110; Local Government—Rs. 4,249,207 and Public Works—Rs. 2,521,980.

$0.6 million; manufactured articles from $6.2 million to $1.8 million; dyeing and tanning materials from $4.6 million to $2.0 million; iron and steel from $3.6 million to $0.8 million; electrical machinery from $1.6 million to $0.5 million; textile fabrics from $3.6 million to $1.9 million; and manufactures of base metals from $2.2 million to $1.0 million. Exports recorded a slight increase of $1.8 million, the main increases being in respect of feathers; manufactured articles; and vegetables, roots and tubers chiefly used for human consumption. On the other hand, exports of wood oil and pigs' and boars' bristles decreased by $6.3 million and $1.8 million respectively.

U. S. S. R.:—During the month, pharmaceutical products valued at $153,000 were declared to have been imported from U.S.S.R.

Other Countries:—Imports of dyeing and tanning materials (Quebracho extract) to the value of $8.8 million from Argentine were recorded.

Air Freight:—The air freight figures for the month are as follows:—

	Weight	Value
Imports	38,403 kgs.	$12,179,555
Exports	44,997 „	10,803,119
Total	83,400 kgs.	$22,982,674

Japanese Trade:—There was a considerable increase both in the value of exports completed during the month and in export contracts concluded; the former totalled US$4,919,000 while the latter were US$10,584,000. Imports received however were still in excess of exports and reached a value of US$11,368,000. Further restrictions were necessary on imports, and non-essential foodstuffs such as mush-rooms and sea-foods were removed from the permitted list as from 19th January. Substantial progress was thus made towards righting the disbalance on the Open Account caused by recent events, but no hope can be held out of any early liberalisation of the import trade.

HONGKONG'S TRADE IN FEBRUARY 1951

Imports of merchandise into Hongkong during February, 1951 amounted to a declared value of $345,942,508 as compared with $248,671,123 in February, 1950. The figures include Government sponsored cargoes. Exports of merchandise totalled $448,132,761 as compared with $198,748,151 in February, 1950. Imports during the first two months of 1951 amounted to $798,531,867 as compared with $569,898,655 in the first two months of 1950. Exports totalled $991,923,918 as compared with $437,620,466.

IMPORTS & EXPORTS BY COUNTRIES
For February

Countries	IMPORTS February 1951	IMPORTS February 1950	EXPORTS February 1951	EXPORTS February 1950
MERCHANDISE	$	$	$	$
United Kingdom	50,164,405	34,170,532	14,570,516	13,670,911
Australia	6,826,488	7,277,995	4,043,178	4,156,458
Canada	4,868,640	2,490,258	746,359	624,807
Ceylon	41,605	235,732	1,200,880	137,971
East Africa (Br.)	538,345	328,048	792,715	302,663
India	15,351,626	25,885,090	2,629,345	1,001,492
Malaya (Br.)	42,389,475	5,658,272	84,361,750	20,807,970
New Zealand	103,000	4,736	604,342	176,333
North Borneo (Br.) ...	1,383,775	1,051,785	1,665,142	517,058
Pakistan	7,887,879	8,571,863	23,886,790	1,226,015
South Africa	1,152,351	2,250,344	478,659	247,175
West Africa (Br.)	—	40,120	739,211	396,821
West Indies (Br.)	6,909	2,880	610,098	423,741
British Commonwealth, other	5,740,935	2,089,557	1,460,911	755,376
Austria	667,485	756,824	—	—
Belgium	5,299,929	5,532,927	414,344	339,418
Burma	89,849	—	862,642	882,206
Central America	1,538,897	106,142	904,811	428,747
China, North	16,995,904	28,107,834	62,908,748	27,385,675
China, Middle	8,471,233	4,703,215	15,367,742	30,989,511
China, South	32,540,905	11,230,980	110,158,883	23,594,560
Czechoslovakia	301,723	1,742,972	10,752	—
Denmark	1,504,332	73,621	95,487	1,012,312
Egypt	465,168	10,419	3,609,248	254,180
Finland	29,520	395,139	—	—
France	6,335,868	2,512,330	1,469,915	628,554
French Indo-China	1,775,114	2,208,230	1,380,292	1,279,693
Germany	8,055,630	1,758,193	3,295,663	1,797,994
Holland	5,766,332	3,384,359	6,951,266	1,676,128
Iraq	—	—	31,482	37,903
Italy	3,549,590	2,043,606	920,298	328,268
Japan	44,260,812	4,425,821	32,266,016	9,380,225
Korea (North)	—	3,946,196	—	525,076
Korea (South)	184,725	3,212,342	79,229	2,311,483
Macao	8,034,029	6,551,521	18,938,044	20,764,689
Norway	413,41[illegible]	2,045,495	61,568	647,670
Oman	—	56,800	59,587	121,057
Persia	—	18,000	68,233	58,536
Philippines	1,732,452	778,213	4,713,534	1,740,848
Poland	145,704	1,072,281	—	—
Portugal	103,108	237,415	35,840	—
Portuguese East Africa ..	1,790,381	9,500	14,914	19,589
South America	7,116,666	—	775,420	749,726
Spain	54,577	30,511	—	—
Sweden	670,782	2,180,216	142,700	692,472
Switzerland	8,492,320	4,504,493	1,139,619	333,447
Thailand	11,940,467	7,546,842	3,730,132	5,819,895
Turkey	706,724	—	102,321	8,960
U. S. A.	19,920,274	49,259,280	16,090,398	10,543,110
Indonesia	8,007,056	3,463,705	22,592,084	6,369,295
U. S. S. R.	177,671	620,800	—	—
Others	2,348,437	4,087,689	1,151,653	3,582,133
TREASURE				
United Kingdom	—	—	476,885	857,333
North Borneo (Br.)	—	—	173,360	—
China, South	—	503,300	—	—
Macao	164,091	238,184	—	—
U. S. A.	—	—	—	3,395,416
TOTAL MERCHANDISE	345,942,508	248,671,123	448,132,761	198,748,151
TOTAL TREASURE ...	164,091	741,484	650,245	4,252,749
GRAND TOTAL	346,106,599	249,412,607	448,783,006	203,000,900

IMPORTS & EXPORTS BY CHAPTERS
For February

Articles	IMPORTS February 1951	IMPORTS February 1950	EXPORTS February 1951	EXPORTS February 1950
	$	$	$	$
Live animals, chiefly for food	2,690,998	2,604,835	5,733	4,400
Meat and preparations thereof	2,708,707	1,320,817	476,141	777,634
Dairy products, eggs and honey	5,707,291	4,588,000	3,444,940	2,712,683
Fishery products, for food	12,466,627	5,751,855	7,039,839	3,153,646
Cereals	10,629,311	3,546,481	828,015	1,747,682
Manufactured products of cereals, chiefly for human food	2,085,560	6,415,746	2,859,871	5,743,345
Fruits and nuts, except oil-nuts	5,371,876	4,752,697	3,896,530	3,076,231
Vegetable, roots & tubers, chiefly used for human food & their preparations, n.e.s.	6,281,448	4,504,446	8,753,530	5,548,758
Sugar and sugar confectionery	9,074,181	1,980,852	20,467,423	3,470,799
Coffee, tea, cocoa and preparations thereof; spices	2,292,078	3,248,022	2,458,485	3,899,327
Beverages and vinegars	1,655,625	1,468,536	1,314,550	950,681
Feeding stuffs for animals, n.e.s.	1,797,155	10,459,107	1,061,824	4,939,820
Tobacco	4,571,572	4,130,674	3,087,050	3,684,102
Oil-seeds, nuts and kernels	9,019,382	3,664,118	14,420,585	5,328,931
Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	15,511,524	12,405,315	15,775,294	8,819,365
Chemical elements and compounds; pharmaceutical products	24,297,966	14,948,905	37,618,524	8,798,079
Dyeing, tanning & colouring substances (not including crude materials)	14,676,080	7,618,120	19,933,002	4,864,115
Essential oils, perfumery, cosmetics, soaps and related products	1,729,242	1,323,555	1,663,042	1,345,025
Fertilizers	5,096,336	4,051,601	3,143,370	3,864,242
Rubber and manufactures thereof, n.e.s.	35,123,135	2,755,625	67,048,475	2,894,844
Wood, cork and manufactures thereof	5,757,430	3,571,009	1,658,076	729,493
Pulp, paper & cardboard & manufactures thereof	8,693,758	9,855,830	11,481,366	7,454,242

IMPORTS & EXPORTS BY CHAPTERS
For January & February

Articles	IMPORTS Jan. - Feb. 1951	IMPORTS Jan. - Feb. 1950	EXPORTS Jan. - Feb. 1951	EXPORTS Jan. - Feb. 1950
	$	$	$	$
Live animals, chiefly for food	6,286,258	6,094,096	46,362	45,770
Meat and preparations thereof	4,204,605	3,280,985	4,149,027	2,243,125
Dairy products, eggs and honey	12,429,153	9,772,638	7,000,847	5,382,398
Fishery products, for food	26,255,045	13,378,066	19,650,527	7,348,194
Cereals	21,890,531	10,535,533	1,666,059	2,987,448
Manufactured products of cereals, chiefly for human food	11,393,725	20,192,592	7,638,998	9,718,518
Fruits and nuts, except oil-nuts	12,473,418	13,007,537	9,908,924	7,405,195
Vegetable, roots & tubers, chiefly used for human food & their preparations, n.e.s.	14,943.243	10,197,504	20,272,212	12,983,834
Sugar and sugar confectionery	22,505,953	8,685,383	34,559,341	10,927,763
Coffee, tea, cocoa and preparations thereof; spices	5,454,400	6,740,319	6,998,780	7,621,033
Beverages and vinegars	5,233,780	4,723,121	3,688,804	2,294,508
Feeding stuffs for animals, n.e.s	1,908,277	16,220,593	1,989,615	8,137,785
Tobacco	7,309,364	12,824,890	6,862,813	6,392,298
Oil-seeds, nuts & kernels	19,153,117	13,911,816	20,130,501	8,780,644
Animal & vegetable oils, fats, greases & waxes & their manufactures, n.e.s.	29,233,784	16,137,171	30,340,942	12,216,100
Chemical elements and compounds; pharmaceutical products	51,786,216	39,486,591	86,972,897	22,500,823
Dyeing, tanning & colouring substances (not including crude materials	40,541,302	17,828,613	48,208,192	13,319,628
Essential oils, perfumery, cosmetics, soaps and related products	4,078,189	4,058,224	5,078,795	2,981,834
Fertilizers	8,878,306	8,397,015	7,828,722	6,547,352
Rubber and manufactures thereof, n.e.s.	96,731,619	5,387,015	146,283,581	6,452,704
Wood, cork and manufactures thereof	11,249,139	10,602,606	3,488,220	1,727,815
Pulp, paper & cardboard & manufactures thereof	19,984,101	20,313,832	26,091,000	17,972,853

Hides & skins & leather	3,752,469	1,912,414	2,391.845	841,114
Manufactures of leather, not including articles of clothing	133,606	65,295	720,573	249,385
Furs, not made up	68,116	169,277	109,170	542,698
Textile materials, raw or simply prepared	14,291,712	18,337,473	7,083,318	10,010,427
Yarns and threads	12,918,746	14,514,464	32,531,910	14,607,165
Textile fabrics and small wares	39,333,407	19,406,920	41,750,086	11,339,959
Special & technical textile articles	1,148,650	807,742	1,356,068	764,448
Clothing & underwear of textile materials; hats of all materials	2,518,655	1,690,883	18,797,133	8,916,356
Clothing of leather & fur	1,640	1,360	5.995	3,355
Footwear: boots, shoes & slippers	49,173	46,524	4,040,237	2,957,064
Made-up articles of textile materials other than clothing	1,621,543	9,870,952	3,245,491	11,185,032
Products for heating, lighting & power, lubricants & related products, n.e.s.	12,091,202	13,842,842	2,442,835	9,937,349
Non-metallic minerals, crude or simply prepared, n.e.s.	1,289,653	2,311,346	407,994	487,348
Pottery and other clay products	1,108,698	785,166	1,668,549	581,082
Glass and glassware	618,823	337,340	917,432	446,742
Manufactures of non-metallic minerals, n.e.s.	569,994	179,736	939,919	91,113
Precious metals & precious stones, pearls & articles made of these materials	377,057	1,315,715	914,982	421,557
Ores, slag, cinder	5,375	448,229	832,957	1,522,540
Iron and steel	14,525,299	11,065,314	20,387,678	5,048,322
Non-ferrous base metals	3,411,946	3,437,462	3,031,715	2,253,973
Manufactures of base metals, n.e.s.	5,799,056	4,444,280	15,016,569	6,115,596
Machinery, apparatus and appliances other than electrical, n.e.s.	6,012,730	4,784,241	6,565,919	2,632,498
Electrical machinery, apparatus & appliances ..	6,292,197	5,563,307	5,301,653	2,090,378
Vehicles and transport equipment, n.e.s.	6,640,694	3,105,972	7,858,732	2,367,379
Miscellaneous crude or simply prepared products, n.e.s.	8,423,615	5,458,864	12,494,783	7,947,142
Manufactured articles, n.e.s.	15,701,170	9,801,859	28,883,608	11,580,685
TOTAL MERCHANDISE	345,942,508	248,671,123	448,132,761	198,748,151
GOLD AND SPECIE ..	164,091	741,484	650,245	4,252,749
GRAND TOTAL	346,106,599	249,412,607	448,783,006	203,000,900

Hides & skins & leather ..	7,956,307	3,576,381	5,074,150	2,019,078
Manufactures of leather, not including articles of clothing	193,709	188,382	1,775,794	628,720
Furs, not made up	97,116	396,820	163,470	900,397
Textile materials, raw or simply prepared	43,673,512	28,594,505	17.223,829	24,274,045
Yarns and threads	30,192,060	41,382,260	48,509,758	28,739,650
Textile fabrics and small wares	85,602,215	43,500,770	102,424,844	29,853,617
Special & technical textile articles	3,044,255	1,716,256	3,272,413	1,394,616
Clothing & underwear of textile materials; hats of all materials	6,050,302	4,563,138	46,604,126	16,459,796
Clothing of leather & fur	11,776	43,600	5,995	6,425
Footwear: boots, shoes & slippers	107,166	238,300	6,154,050	7,160,465
Made-up articles of textile materials other than clothing	4,050,186	24,753,650	9,238,376	25,122,332
Products for heating, lighting & power, lubricants & related products, n.e.s.	24,290,098	28,760,088	5,859,264	20,890,428
Non-metallic minerals, crude or simply prepared, n.e.s.	3,571,876	5,511,273	4,318,436	1,787,261
Pottery and other clay products	2,397,006	1,518,473	3,206,068	1,175,780
Glass and glassware ...	1,482,606	1,073,638	2,780,141	1,508,915
Manufactures of non-metallic minerals, n.e.s.	1,366,421	528,529	2,058,624	235,039
Precious metals & precious stones, pearls & articles made of these materials	1,214,554	2,149,444	2,494,974	657,228
Ores, slag, cinder	12,675	679,213	1,782,425	2,412,343
Iron and steel	34,607,508	19,648,322	45,549,604	9,748,742
Non-ferrous base metals	8,889,104	7,564,758	9,607,992	5,301,709
Manufactures of base metals, n.e.s.	12,007,394	9,725,209	35,918,625	14,429,392
Machinery, apparatus and appliances other than electrical, n.e.s.	15,710,202	11,952,473	18,167,380	7,614,050
Electrical machinery, apparatus and appliances	13,541,489	10,925,372	13,101,783	4,694,819
Vehicles and transport equipment, n.e.s.	11,484,037	8,354,017	15,893,738	5,108,594
Miscellaneous crude or simply prepared products, n.e.s.	18,837,286	19,391,636	34,044,540	28,661,483
Manufactured articles, n.e.s.	33,817,482	21,386,008	57,638,360	21,848,020
TOTAL MERCHANDISE	798,531,867	569,898,655	991,923,918	437,620,466
GOLD AND SPECIE ..	516,745	1,646,668	2,414,655	11,089,11[illegible]
GRAND TOTAL	799,048,612	571,545,323	994,338,573	448,709,577

HONGKONG IMPORTS & EXPORTS BY COUNTRIES
For January & February

Countries	IMPORTS Jan. - Feb. 1951	IMPORTS Jan. - Feb. 1950	EXPORTS Jan. - Feb. 1951	EXPORTS Jan. - Feb. 1950
	$	$	$	$
MERCHANDISE				
United Kingdom	92,979,150	80,930,618	36,395,844	21,518,399
Australia	18,533,255	16,595,342	6,971,882	7,190,358
Canada	14,781,100	8,968,620	1,961,484	1,516,177
Ceylon	405,365	363,514	2,018,154	297,880
East Africa (Br.)	903,432	612,215	2,289,956	1,084,721
India	31,004,968	65,716,878	5,768,420	2,633,867
Malaya (Br.)	106,279,410	15,699,330	195,577,512	46,823,739
New Zealand	258,984	587,820	1,050,785	297,078
North Borneo (Br.)	2,376,274	2,751,549	8,921,499	1,668,416
Pakistan	27,562,913	12,694,723	34,177,536	3,238,134
South Africa	2,094,309	2,693,642	2,681,519	793,894
West Africa (Br.)	—	40,120	2,017,627	651,742
West Indies (Br.)	7,229	6,880	850,499	922,683
British Commonwealth, Other	9,835,771	5,068,299	3,204,438	1,560,540
Austria	976,772	1,238,412	—	880
Belgium	13,805,409	7,928,711	990,137	999,590
Burma	1,341,361	170,272	1,507,145	1,552,917
Central America	2,212,429	270,411	1,524,031	816,763
China, North	46,059,194	63,722,452	124,282,464	68,994,812
China, Middle	22,971,321	14,415,324	36,912,264	60,974,089
China, South	66,475,800	17,485,881	276,309,515	45,401,633
Czechoslovakia	2,106,328	8,048,826	10,752	—
Denmark	2,838,279	666,442	1,156,448	1,178,458
Egypt	2,340,243	205,116	4,078,413	441,805
Finland	271,413	571,664	—	7,905
France	12,648,636	5,990,035	4,451,107	974,700
French Indo-China	4,049,340	3,636,855	2,941,562	2,531,219
Germany	18,087,081	3,432,292	7,694,447	2,858,272
Holland	21,872,528	8,070,275	9,188,818	3,319,941
Iraq	17,226	10,000	87,671	58,521
Italy	9,531,639	5,157,036	3,769,312	1,002,746
Japan	111,055,820	7,692,436	46,788,038	20,089,977
Korea (North)	—	11,017,078	—	3,780,826
Korea (South)	396,083	10,478,854	79,229	8,201,078
Macao	17,395,034	13,326,314	47,136,091	48,162,192
Norway	1,184,524	5,329,113	1,188,046	758,780
Oman	44,600	108,400	113,386	155,606
Persia	90,081	111,059	195,002	61,476
Philippines	2,241,870	1,317,150	12,812,543	4,034,658
Poland	510,146	1,573,449	—	—
Portugal	441,919	394,187	223,054	3,920
Portuguese East Africa ..	1,790,381	9,500	258,086	210,873
South America	15,998,274	146,788	1,801,463	4,491,885
Spain	687,454	98,551	—	—
Sweden	2,612,727	4,674,074	1,365,787	836,905
Switzerland	17,794,608	10,763,654	1,286,964	402,398
Thailand	19,145,016	19,574,135	15,597,374	12,905,883
Turkey	706,924	6,000	684,838	64,960
U. S. A.	49,386,361	116,052,103	37,995,659	33,749,131
United States of Indonesia	18,139,878	12,234,712	47,781,372	12,534,042
U. S. S. R.	330,671	620,800	—	—
Others	3,952,337	5,630,744	2,825,745	5,864,997
TREASURE				
United Kingdom	—	—	1,860,885	1,283,605
North Borneo (Br.)	—	—	446,770	—
China, North	—	110,000	—	—
China, South	—	1,050,929	—	—
Macao	516,745	485,739	—	—
Thailand	—	—	107,000	—
U. S. A.	—	—	—	9,805,506
TOTAL M9RCHANDIS3	798,531,867	569,898,655	991,923,918	437,620,466
TOTAL TREASURE ..	516,745	1,646,668	2,414,655	11,089,111
GRAND TOTAL	799,048,612	571,545,323	994,338,573	448,709,577

HONGKONG COMMODITY MARKET

Dealings with China have been considerably affected by the additional export control imposed by the Hongkong Government, which has tended to bring down prices of the commodities involved. It is, however, clear that under the circumstances no other action was possible to save the situation where local manufactures are concerned. Such dealers as sent their goods to Macao in the expectation of further restrictions are now congratulating themselves upon their forethought. However, even the most considerable stocks are liable to melt away unléss replenishments can be obtained, and thoughts are turning towards India as a substitute for Hongkong in this connection, although how far these efforts will be successful remains to be seen.

The dullness that has characterised the Hongkong commodity markets for the past few weeks continued last week, being added to by the Easter holidays, which made the week a short one.

Low prices marked the majority of the transactions that took place in industrial chemicals, rubber, paper, fertilizers and pharmaceuticals. The general slackness also applied to metals, with the exception of mild steel plates and tinplates. Cotton yarn was stagnant, both buyers and sellers being conspicuous by their absence. Cotton piece goods alone showed activity, particularly in Indian grey sheeting and cotton drill, the prices of which showed an increase.

The demand for China produce slackened, although prices remained firm. Dealers sat back, expecting a heavier demand from abroad when the holidays were over. Woodoil (tungoil) remained steady; cassia oil and aniseed oil fell in price with arrivals from South China; teaseed oil, with lack of demand from abroad, fell in price; cassia lignea at first showed a decline, but recovered towards the close. Ramie was the most outstanding feature in this market, with enhanced Japanese demand; sales of ramie fibres took place at $280 per picul while ramie, white, was dealt in at $285 per picul against sellers offers of $285 and $290 per picul respectively.

As a result of the low prices ruling on the Hongkong market, the authorities in South China have lowered the export floor prices of various items. Barter trade modifications have also been announced and private traders are now able to deal in a longer list of consumer goods. The regulations governing imports and exports between the Colony and China have also been made more flexible. On the other hand, the travelling traders who normally form such an important part of the Canton-Hongkong dealings have been affected by the restrictions imposed in South China against travelling. Exit permits when given limit the period of absence and two guarantors have to be provided.

ALMA ESTATES, LTD.

The net profit of the Alma Estates on the year ended September 30, amounted to £8,118 as against £5,333 on the previous year. It was agreed at the thirty-seventh Ordinary General meeting of the Company that the sum of £10,000 should be transferred to General Reserve and the balance to the credit of Appropriation Account of £3,519 to be carried forward to the new period.

During the year £13,778 was spent on re-planting the area cut out during the Japanese occupation making a total of £45,621 spent in this connection since the end of the war and it is now completely planted up. The output during the year amounted to 618,000 lbs. as against 666,500 lbs. in 1949, while the working costs of production per pound rose from St.$0.2485 in 1949 to St.$0.3086 in 1950. At the same time the average price realised per lb. rose from St.$0.3366 in 1949 to St.$0.4619 in 1951.

The authorised and issued capital of the Company amounts to 70,000 shares of £1 each fully paid.

THE HONGKONG ROPE MFG. CO., LTD.

A net profit of $1,511.906 was made by the Rope Manufacturing Company, Ltd. during 1950. When added to the balance brought forward from last year's account, provisions for rehabilitation of war damaged property and staff superannuation fund, both no longer required, this gave a balance at credit of Profit & Loss Appropriation Account of $1,810,-863. It was agreed at the sixty-second ordinary annual meeting of shareholders held March 21, that this sum should be allocated to plant replacement reserve $200,000; factory reconstruction reserve $260,000; equalisation of dividend reserves $200,000; Chinese employees benevolent fund $70,000; corporation profits tax assessment $195,000; bonus to staff and workers $80,000, etc. A dividend of $1.00 per share tax free accounted for $200,000 and a bonus of $2.00 per share also tax free, absorbed $400,000 leaving $149,831 to be carried forward to 1951.

In his speech, the Chairman pointed out that production and sales of rope for the third year in succession showed an appreciable increase. Costs of manufacture also rose. The hemp market remained steady during the first half of the year, after which prices rose by as much as 75%. Manila hemp being a strategic material, it was difficult to obtain licences to cover requirements, which is reflected in the low stock figure. These stocks of rope, raw materials and stores in the factory at cost amount to $771,000, while stocks of hemp held in the Philippines total $473,796 in value.